HERITAGE

ANNUAL REPORT 2019

vastned
Venues for Premium Shopping

Contents

1) Part of the Report of the Executive Board as meant in Section 2:391 of the Dutch Civil Code.
2) Part of the Report of the Supervisory Board as meant in Section 2:391 of the Dutch Civil Code.

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Preface

Dear shareholders, tenants, colleagues and other relations,

I feel very proud that thanks to the efforts of my colleagues and in spite of the challenging market conditions Vastned ended 2019 very satisfactorily. The quality of the portfolio improved in the course of the year and the occupancy rate remains high. I would also like to thank our investors who give us their trust and appreciate the quality of our portfolio and our business operations.

We will continue to treat acquisitions with caution since yields were generally very low in 2019 and we aim to add value. We are continuously striving to achieve predictable and stable results for our investors. For us, discipline, focus and the awareness that we are working with other people's money are key every single day.

Portfolio

Our portfolio now comprises 83% high street retail property in bigger European cities with a strong identity. Over the past seven years we have created a unique portfolio with a consistent strategy, which in 2019 again proved to be able to attract leading new tenants. The market remains challenging and the transition of the retail landscape is ongoing, but with the transformation of its portfolio Vastned has responded in a timely manner to the current trend of retailers reducing the number of their shops and focusing on top locations in the bigger cities. Our strategic assets in Spain and France are fully let. In Belgium we again concluded good new leases. In the Netherlands and Belgium, we succeeded in selling off non-strategic assets in smaller cities totalling € 12 million.

The 2019 direct result was lower than in 2018. However, corrected for the non-recurring income in 2018, the 2019 direct result was unchanged from 2018. We are delighted that we have been able to attract JD Sports as a new tenant for our property at Rue de Rivoli 118-120 in Paris at market conditions. We also contracted Skechers as a new tenant for our other property on Rue de Rivoli. In addition, we welcomed retailer Sephora at Calle Serrano 36 in Madrid after the departure of Salvatore Ferragamo. When we relet any of our properties, we are trying to reduce the share of fashion in our portfolio since this is generally a weaker segment in the retail market. The occupancy rate of our portfolio remained high in 2019; this clearly demonstrates that if you own the right assets in a city, they will continue to generate rent over the longer term.

Cities of the future

The theme of this annual report is 'Heritage', our declaration of love to historic cities. We find it very special to be able to actively invest in big European cities that represent emotion, experience and long history. Young people in particular no longer want to commute to work and don't need a car. It is a community that wants to live, work, shop, have fun and eat out in the city. That is the dynamics of the city of the future.

In such centres we can invest in locations the public loves and that we can predict will keep developing. Le Marais in Paris is a case in point. This historic district and attractive recreational area is drawing in more and more retailers. In Amsterdam we are also seeing new hotspots emerge within the ring road. We are very happy with our properties on Ferdinand Bolstraat and the dominant position we have managed to acquire in the popular residential district De Pijp. We are creating value in this area with residential property and by realising higher rents. Retailers like to rent in these kinds of locations because there is so much going on. We are finding that people increasingly like to spend their money in these urban districts instead of just on a main shopping street.

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Sustainable investment
We have a sustainable portfolio: our assets have not only been around for many years, they will always keep attracting tenants. In fact, we own properties that are several hundred years old; many of these are listed buildings with iconic façades. It is our responsibility to keep our properties in a good state of repair, because in doing so we make a contribution to the continuity of historic city centres.

If we can renovate properties, we do so sustainably. In 2019, we once again collaborated with tenants in order to work towards more efficient energy consumption. In addition, we realise residential property in city centres. Cities are for people to live in, and by doing so we make a modest contribution to this. We now have a total of 242 residential units in our portfolio. We expect the capex level to remain low, as it has been in recent years.

Retailers
Over the past twelve months we have made good progress in the organisation by attracting new staff who have special expertise. We will be focusing increasingly on data analysis in order to gain more insight into consumers' spending patterns in the high streets where Vastned is active. Such information will help us to improve the quality of our portfolio, attract successful tenants and keep the occupancy rate high.

Outlook 2020
We remain cautious about market conditions in view of the limited investment opportunities and the ongoing transition in the retail landscape. Next to low unemployment, economic growth and high consumer confidence, income growth of consumers will remain decisive for a healthy retail market in 2020. Points of attention in this context are international trade disputes, the worldwide debt mountain and global economic growth levelling off.

In spite of the lower direct result in 2019 compared to 2018 we still have the intention of distributing € 2.05 per share, equal to the 2018 dividend. We are confident that the quality of our portfolio will enable us to realise a strong direct return again next year. We will keep focusing on maintaining the high occupancy rate of our portfolio. For 2020, we expect a direct result between € 2.05 and € 2.15 per share, a limited rise compared to 2019. This growth is expected to be due especially to the improved occupancy rate compared to 2019 as a result of contracting JD Sports for our asset on Rue de Rivoli at market conditions. We will continue to invest in historic cities in order to extend the functional lifespan of the properties and contribute to the attractiveness and liveability of city centres.

Amsterdam, 11 February 2020

Taco de Groot
CEO Vastned Retail NV

• Ferdinand Bolstraat 85h, 85.1, 85.3, 85.4 / 1e Jan Steenstraat 89.3, Amsterdam

VASTNED AT A GLANCE

1

• Keizersgracht 233, Amsterdam

Profile

Vastned is a European listed property company focusing on the best retail property on the popular high streets of selected European cities with a historic city centre. Vastned's tenants are strong and leading international and national retailers. By investing in historic city centres Vastned contributes to the preservation of the cultural heritage in these city centres. Vastned also provides a positive contribution to the liveability and safety in city centres by creating and renovating residential space above the shops. In this way, the company endeavours to create long-term value for its shareholders, tenants, employees and society as a whole. The value creation model on page 26 clearly shows how Vastned creates value. At year-end 2019, the total value of the portfolio was approximately € 1.6 billion.

The transformation of Vastned's portfolio into mainly retail property in selected European cities with historic city centres started in 2011 and was completed in 2018; as a result, Vastned no longer distinguishes between core city assets and mixed retail locations as of 2019. Over 80% of the present portfolio is comprised of property located in the historic centres of selected European cities; the remaining part of the portfolio is mostly made up of Belgian 'baanwinkels', supermarkets and high-quality retail property in smaller cities that yield good stable returns, especially in the Netherlands and Belgium.

Vastned's team comprises 41 employees over four European cities. Working together intensively they execute the strategy in a hands-on and pragmatic way with the objective of continually enhancing the quality of the portfolio. Vastned's financing strategy is conservative and risk-averse, aiming for a loan-to-value ratio of between 35% and 45%.

Key events 2019

Outlook

Vastned expects to realise a direct result of € 2.00 - € 2.10 per share in 2019

Lowering the risk profile

In order to further lower the risk profile of the portfolio, during 2019 Vastned sold the following non-strategic assets for € 12.1 million in total:

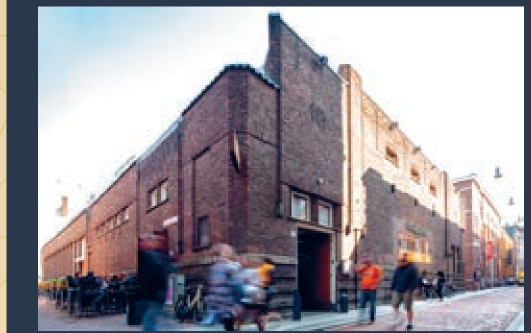
- Wouwsestraat 48 in Bergen op Zoom
- Breestraat 65-69 and Nieuwstraat 9-11 in Beverwijk
- Steenstraat 110/d'n Entrepot 3 and Hoogkoorpassage 14-18 and 22 in Boxmeer
- Stationsstraat 18-20 in Boxtel
- Lange Bisschopstraat 34 and 50 in Deventer
- In de Cramer 140 in Heerlen
- Hoofdstraat 25 in Veenendaal
- Arendstraat 9-13 in Oosterhout
- Lange Kerkstraat 9 in Goes
- Rue Pont d'Île 35 in Liège
- Rue des Français 393 in Ans

Amsterdam

Vastned expanded its clusters in Amsterdam during 2019 with the following three acquisitions for a total amount of € 13.7 million:

- Ferdinand Bolstraat 85h, 85.1, 85.3, 85.4 / 1e Jan Steenstraat 89.3

- Keizersgracht 233



- Nes 67 / Sint Barberenstraat 4

Occupancy rate

At the end of June 2019, Vastned signed an agreement with Skechers to lease of the property Rue de Rivoli 102 in Paris from early 2020.

In July 2019 Vastned concluded a lease with JD Sports for Rue de Rivoli 118-120 in Paris. This lease took effect in January 2020, raising the occupancy rate from 93.1% as at 30 June 2019 to 98% as at 31 December 2019.

Direct result

31 July 2019: Forecast for direct result 2019 at the lower end of the guidance range of € 2.00 - € 2.10 per share, mainly due to vacancy of Rue de Rivoli 118-120 in Paris.

Interim dividend

31 July 2019: announcement of interim dividend of € 0.58 per share

Share buyback programme

On 19 October 2018, Vastned started a share buyback programme of € 40 million maximum which, after extension, ran through to 17 April 2019. In 2019, Vastned bought back 742,616 shares for € 24.9 million including costs.

In 2018 and 2019 a total of 1,034,824 shares were repurchased at an average price of € 33.50 for € 34.7 million in total. The repurchased shares will be held as treasury shares.

Financing

- In H1 2019, Vastned unwinded part of its derivatives portfolio of a notional amount of € 135 million at their market value of € 5.3 million negative; new interest rate derivatives were then concluded with a notional amount of € 150 million based on the current market interest rate.
- On 17 January 2019, Vastned placed a € 50.0 million long-term bond loan with Pricoa Capital Group. The bond loan has a 7-year duration at a coupon of 2.73%, and was used to refinance matured loans.
- On 30 September 2019, Vastned placed a new € 40.0 million bond loan with Barings. The new loan has a 5-year duration at a coupon of 1.71%, and was used to refinance matured loans.

Dividend proposal

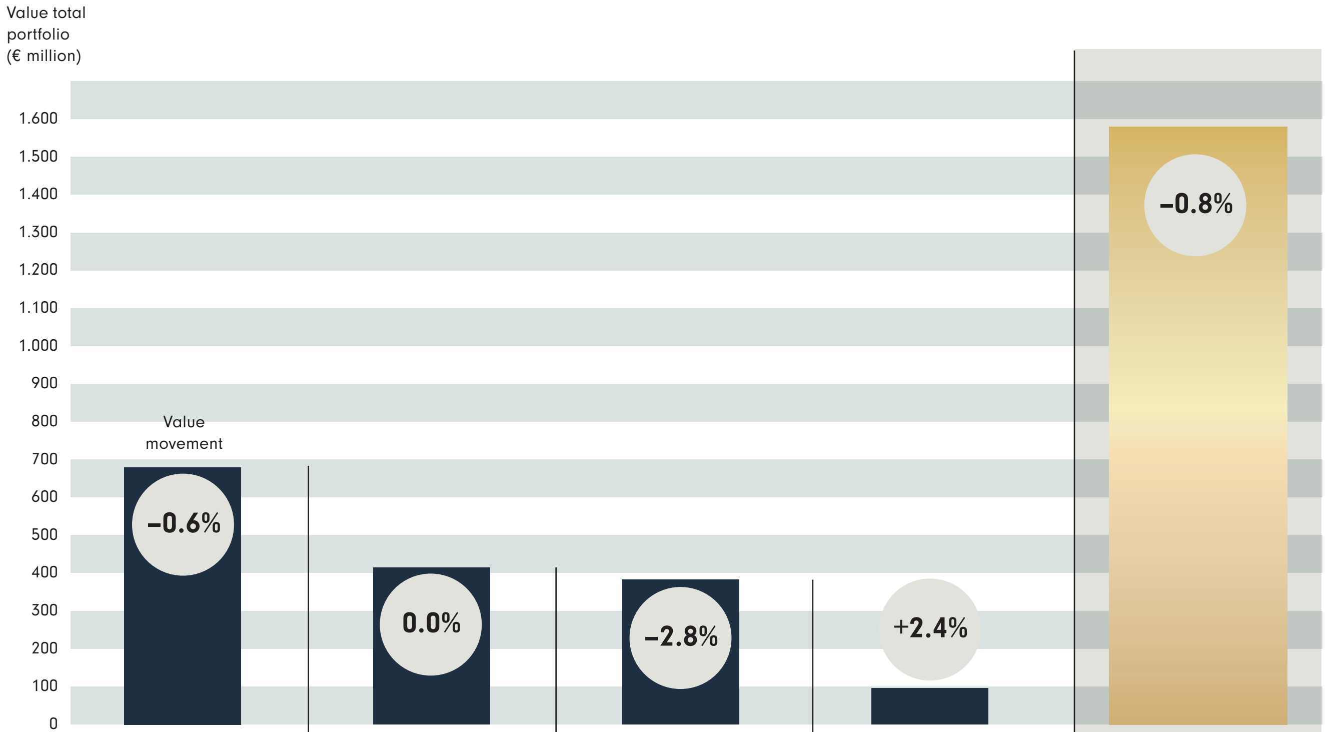
29 October 2019: Forecast for dividend proposal 2019 confirmed at € 2.05 per share

Key figures 2015-2019

Results (€ million)	2019	2018	2017	2016	2015
Gross rental income	69.3	77.1	77.5	89.5	93.2
Direct result	35.0	40.4	41.1	46.1	49.2
Indirect result	(12.6)	0.7	53.5	(19.7)	16.3
Result	**22.4**	**41.1**	**94.6**	**26.4**	**65.5**
Balance sheet (€ thousand)					
Property (appraisal value)	1,571.4	1,579.6	1,591.6	1,614.8	1,647.9
Equity	882.9	923.0	933.4	891.5	901.0
Equity Vastned Retail shareholders	793.7	830.4	838.7	804.4	816.6
Long-term liabilities	612.1	505.4	633.9	636.9	692.1
Average number of shares in issue	**17,270,106**	**18,151,962**	**18,505,783**	**19,036,646**	**19,036,646**
Number of shares in issue (year-end)	**17,151,976**	**17,894,592**	**18,186,800**	**19,036,646**	**19,036,646**
Per share (€)					
Equity Vastned Retail shareholders at beginning of period (including dividend)	46.40	46.05	42.26	42.90	41.09
Final dividend previous financial year	(1.34)	(1.41)	(1.32)	(1.31)	(1.27)
Equity Vastned Retail shareholders at beginning of period (excluding dividend)	**45.06**	**44.64**	**40.94**	**41.59**	**39.82**
Direct result	2.03	2.22	2.22	2.42	2.58
Indirect result	(0.73)	0.04	2.89	(1.03)	0.86
Result	**1.30**	**2.26**	**5.11**	**1.39**	**3.44**
Other movements	0.50	0.21	0.71	0.01	0.38
Interim dividend	(0.58)	(0.71)	(0.64)	(0.73)	(0.74)
Equity Vastned Retail shareholders at end of period (including final dividend)	**46.28**	**46.40**	**46.12**	**42.26**	**42.90**
EPRA NNNAV	46.20	46.49	45.66	41.68	42.31
Share price (end of period)	**26.70**	**31.30**	**41.30**	**36.86**	**42.35**
Dividend in cash	2.05[1]	2.05	2.05	2.05	2.05
Shareholder return (%)	(8.6)	(19.7)	17.1	(8.1)	17.3
Other					
Solvency (%)	56.6	59.0	59.2	56.1	56.0
Loan-to-value ratio (%)	41.6	39.0	38.8	41.8	41.6
Capital investments (€ million)	2.4	3.9	3.8	5.6	3.0
Number of employees (FTE, average)	39	41	45	49	52

1) Subject to approval from the Annual General Meeting of shareholders

Key figures portfolio



	NL	FR	BE	ES	Total
Number of retail tenants	280	72	119	9	480
Number of residential tenants	173	36	12	0	221
Like-for-like gross rental income (%)	0.4	(17.6)	(0.2)	17.5	(3.0)
Occupancy rate (%)	96.6	99.8	98.8	100.0	98.0

Key figures portfolio continued

	Total
Number of properties	288
Properties with an 'Energy Performance Certificate' (%)	71
Value of property portfolio (€ million)	1,571
Average value per property (€ million)	5.5
Lettable floor area (sqm thousand)	219
Number of tenants [1]	480
Theoretical annual rent (€ million)	74.3
Market rent (€ million)	73.8
(Over)/underleasing (%)	(0.7)

Average market rent per sqm (€)

Netherlands	312
France	825
Belgium	218
Spain	1,117
Total	**337**

Average rent per sqm (€)

Netherlands	322
France	748
Belgium	234
Spain	1,050
Total	**340**

1) Excluding apartments and parking places

• Kalverstraat 11-17 / Rokin 12-16, Amsterdam

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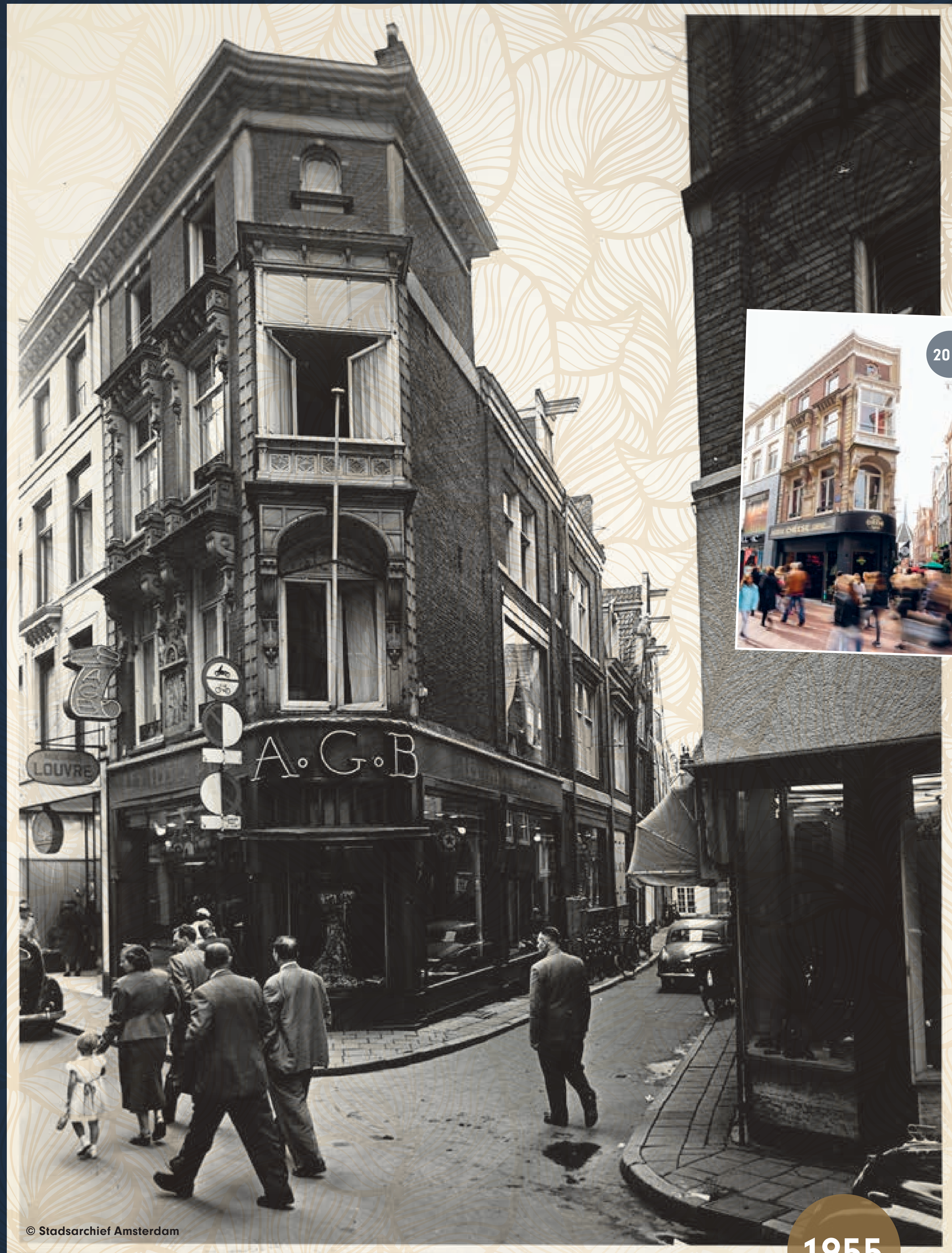
AMSTERDAM

The I AMSTERDAM sign in life-sized letters that used to adorn Museumplein until 2019 and are now itinerant, were used for some 6000 selfies a day. While loved by tourists, politicians hated them for their expression of individualism. After all, Amsterdam has always been known for solidarity and diversity. Solidarity is in the city's DNA.

The first written document in which the name Amsterdam is mentioned, relates that in 1275 count Floris V exempted the people who lived near the dam in the Amstel river from river tolls. This privilege got him in trouble with the Bishop of Utrecht, who then formally ruled over what was to become Amsterdam. But once Holland had tasted freedom, it never surrendered it. The city developed rapidly and obtained city rights. Dikes were raised on the banks of the Amstel and a dam was constructed on the site now occupied by the National Monument. The first market was held. Later, houses and the town hall were built on the dam after Damrak was filled in – before that time ships would sail into port as far as Dam Square. The city limits were at Singel and Kloveniersburgwal.



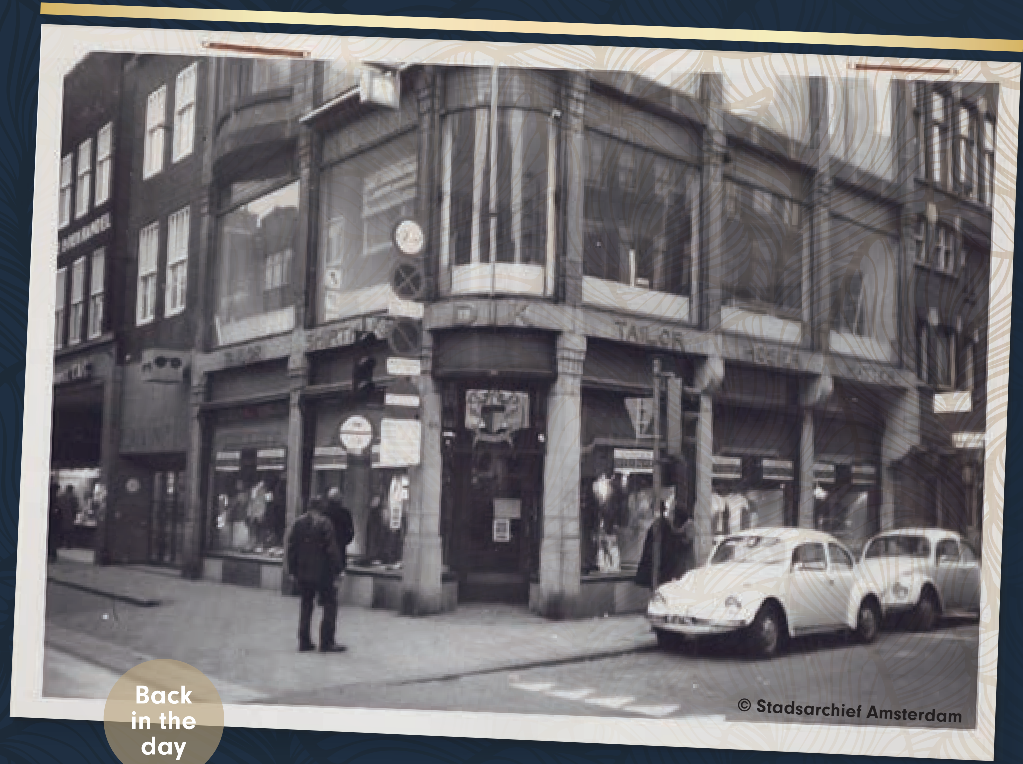
© Stadsarchief Amsterdam

1955

2019

• Kalverstraat 132, Amsterdam

• Ted Baker, Leidsestraat 64, Amsterdam



Beer, herring and the East India Company

The 14th century economy was based on German beer and herring. Two centuries later, Amsterdam had transformed itself into an international trading hub with a staple market where products from the north and the south were stored, like timber, grain, iron ore, furs and salt. The flourishing economy attracted other lines of business, such as cartography, printing and banking and insurance. Wealthy merchants from the Southern Low Countries moved to Amsterdam as the Antwerp economy faded.

In 1579 the Low Countries were divided and became a republic, but it certainly was not a democracy. Remnants of medieval rights and trading interests encouraged freedom and tolerance in the city. The first trading ships to the East Indies sailed from Amsterdam. These journeys were a great success and netted the shareholders 400% return on their investment. In 1602 the Dutch East India Company was founded, the first multinational corporation in history. Half of the capital was in the hands of citizens of Amsterdam. And almost twenty years later its western counterpart, the West India Company followed suit. It was the beginning of the Netherlands' Golden Age. In Amsterdam wealth, power, art and tolerance flourished.

Circle of canals and opportunity

In the 17th century the city expanded with the construction of the Grachtengordel – a circle of canals 14 kilometres long with 80 bridges – and the Jordaan district. Architectural beauty was highly sought after, and this attracted artists to the town. Their presence led to an explosion of artistic endeavour and trade. Bredero and Vondel wrote poems and Rembrandt, Frans Hals and Vermeer had their studios there. Spinoza and Descartes developed their philosophies in coffee houses. But this golden age ended in the late 18th century. Amsterdam lost its position as a key staple market on the world stage. Different social groups drifted apart and the gap between rich and poor grew wider.

With the construction of the North-Holland Canal in the 19th century Amsterdam got a direct connection to the sea, creating a bigger and better trading route and new industries. Together with the opening of the Suez canal and a unified Germany this created new opportunities. Trade with India was liberalised; cheap dock workers came in from China. The first cargo of rough diamonds was imported from South Africa, which lay the foundations of the Amsterdam diamond trade. The construction of the new Central Station also bore fruit. As of 1889 the city had a very good railway connection. Amsterdam joined in the European metropolitan architectural style with beautiful theatres, museums, hotels and department stores. People from the countryside moved to the city for work and entertainment.

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• PC. Hooftstraat, Amsterdam

Amsterdam has always been known for solidarity and diversity

World War II

In the 1920s and 30s there were some 4000 street-traders. New shops mushroomed, but due to lack of professional skills and capital many went under during the economic crisis. In WW II the city lost one in ten of its residents as a result of the persecution of Jewish people and widespread starvation during the harsh winter of 1944/45. With food being hard to come by, ruthless entrepreneurs made a pretty penny by raising prices. After the war, many of the businesses in Jodenbreestraat and Weesperstraat – the busiest high streets before the war – never returned. Small businesses struggled. When the port and the airport were rebuilt, a metro and the IJ-tunnel constructed, the city started growing again and tourism increased steadily. The port of Amsterdam found a new niche for transit goods: grain and Japanese-built cars.

Backpackers and immigrants

At the end of the 1960s an explosion of youth made Amsterdam famous: images of hippies and backpackers sleeping and smoking dope in Dam Square were shown the world over. Later, squatters and student riots rampaged across the world's TV screens. The undisputed queen of riots was on the day Queen Beatrix was crowned, in 1980. Whether the news was positive or negative, tourism kept growing. Tourists were drawn to Amsterdam's freedom and liberal attitudes like bees to a flower.

Just like in the 17th century, Amsterdam became a city of immigrants, this time from Turkey and Morocco, and from Surinam after decolonisation. At an earlier stage, many people were repatriated from Indonesia after its independence. This mix of cultures along with the increased influx of students brought a new dimension to the Amsterdam urban landscape and the economy. In the 21st century the port was privatised, and it now has the ambition to grow further with a new sea lock at IJmuiden, the biggest of its kind in the world. Now Amsterdam is ready for a new generation of cruise ships, bulk carriers and container ships.

City of liberty

In 2020 Amsterdam has 173 nationalities among its residents, and an almost unstoppable stream of tourists. Amsterdam 2.0, the Gay Capital of Europe, is more popular than ever. It is known the world over as the city of liberty with a liberal drugs policy. An indisputable Dutch cultural centre with a diverse range of museums, ballet and stage shows, galleries, concerts, restaurants, shops, and that wonderful circle of canals.

FACTS & FIGURES

AMSTERDAM

Population
862,965

First well-known shops
Winkel van Sinkel, C&A, Coöperatie Etos, AH, De Gruyter, Hema

Annual number of tourists
> 8 million

Overnight stays by tourists
> 17 million

Museums
89

Tourists
Day trippers and international

Favourite attractions
Van Gogh museum and Rijksmuseum, Artis Zoo, Nemo, the Anne Frank house, the Heineken Experience, Johan Cruijff Arena, Madame Tussauds, Rembrandthuis, Amsterdam Museum, EYE Museum, He Hua Tempel, Ons' Lieve Heer op Solder, Oude Kerk, Beurs van Berlage, Concertgebouw

Favourite locations
Jordaan, Leidseplein, de Dam, Vondelpark, de Pijp, de Wallen, Grachtengordel, PC Hooftstraat, Rembrandtplein, Amstel, Kalverstraat, Haarlemmerstraat, De 9 Straatjes, Utrechtsestraat, Museumplein, De Westelijke eilanden, Nieuwmarkt, Nieuwe Hoogstraat, Vondelpark

Number of shops
5,517

Number of Vastned retail properties
41

Number of Vastned residential properties
92

First Vastned shop
Leidsestraat 64-66, Air Algerie, LOT, Australian Airlines and IATA, 1986

Biggest tenant Vastned
UNIQLO
(Kalverstraat 11-Rokin 12; 3,165 sqm)

LONG-TERM VALUE CREATION

2

Value creation model

Vastned invests in retail property in popular shopping streets of selected European cities with historic city centres. In this way, the company creates long-term value for its shareholders, tenants, employees and society as a whole. The realisation of the added value is presented in the value creation model.

OUR ENVIRONMENT

OUR MANAGEMENT APPROACH

INPUT

FINANCIAL CAPITAL
Financiers + Shareholders

PROPERTY
Strategic Assets + Non-Strategic Assets

SUSTAINABILITY
Raw Materials + Energy

EMPLOYEES

SHAKEHOLDER RELATIONS
Investors, analysts, financiers and tenants

BUSINESS MODEL

QUALITY + PRO-ACTIVENESS + ENTREPRENEURSHIP

RESULT ORIENTATION + TEAM SPIRIT

MISSION

Generating long-term stable and predictable results. In addition, Vastned has the ambition to contribute to the liveability and preservation of cultural heritage of historic city centres.

STRATEGY

Investing in and letting retail property in the popular high streets of bigger European cities with a historic city centre

PORTFOLIO | ORGANISATION | FINANCING

NON-FINANCIAL STRATEGIC PILLARS

- Improving the quality of the portfolio and the organisation
- Limiting the impact on the environment
- Promoting the health and well-being of employees
- Contribute to society

RESULT AREAS

FINANCIAL PERFORMANCE
- Gross rental income: € 69.3 million
- Direct result per share: € 2.03
- Dividend per share: € 2.05

PROPERTY
- Attracting and retaining successful retailers
- Occupancy rate: 98.0%
- Creation/renovation of 14 apartments

SUSTAINABILITY
- Properties with an EPC label: 71%
- EPC label between A+ and C: 32%
- CO_2 emissions compensated: 100%
- Use of sustainable energy: 100%
- Green and ethical clause in new leases: 80%

EMPLOYEES
- Diverse teams
- Number of employees who took training courses in 2019: 18 (44%)

STAKEHOLDER RELATIONS
- Internal and external communication
- Annual General Meeting of Shareholders
- Conferences and roadshows

ADDED VALUE

FOR SHAREHOLDERS
- Stable and predictable results
- Transparent collaboration

FOR TENANTS
- Attractive retail area
- Room for entrepreneurship
- Safe and liveable district
- High-quality retail and residential space

FOR EMPLOYEES
- Happy employees
- Healthy employees

FOR SOCIETY
- Preservation of cultural heritage
- Social safety of city centres
- Fewer emissions

Risk Management

Corporate Governance

Compliance

Our stakeholders

Developments in legislation

Market developments

Our business model

Letting and investing in retail assets is Vastned's core business. Vastned's result is comprised of the direct and the indirect result. The direct result mainly consists of gross rental income from retail units less associated costs and financing costs. The indirect result is mostly comprised of the value movements in the portfolio, the result on divestments and any value movements of financial derivatives.

The key movements in rental income are caused by the occupancy rate and the like-for-like gross rent development, which are dependent to a large extent on the location of the assets and on active asset management. Our results over the past few years show that the more attractive the location is, the higher the occupancy rate and the rental income and the more stable the valuations.

Result			
Result	Direct result	Rental income	Size and quality of portfolio
			Rent levels
			Occupancy rate
		Operating expenses	Size of the portfolio/organisation
			Net service charge expenses
			Occupancy rate
		Financing costs	Interest rate development
			Ratio of fixed vs floating interest rate
			Size of loan portfolio
			Average duration of loan portfolio
	Indirect result	Value movements in portfolio	Quality of the portfolio
			Investment
		Result on divestments	Total amount of divestments
			Market demand and financing possibilities

For an extensive breakdown of the direct and indirect result, see page 121 and 122.

Stakeholders

Vastned is aware that it operates in collaboration with a range of stakeholders with whom it is in constant dialogue. Parties that impact Vastned's value chain and/or are impacted by Vastned's activities are considered the most relevant. Vastned distinguishes the following four stakeholders who are of great importance to its long-term value creation.

Shareholders

Vastned is a property company that unites investors and enables them to jointly invest in high street retail property. The shareholders provide the equity capital that, in conjunction with loan capital, enables Vastned to make property investments. Many of Vastned's shareholders are long-term investors, both institutional investors and a large number of private investors. Analysts are an important link in the communication process with the shareholders. Vastned does not pay fees to any party to draw up analysts' reports. Currently Vastned is being followed by seven analysts from reputed parties. The names and contact details of the analysts who follow Vastned are listed on Vastned's website.

Employees

Vastned's organisation is a true family culture in which every employee contributes to the effective implementation of the strategy. Expanding and actively managing the portfolio requires a hands-on, proactive and pragmatic organisation. For this, close cooperation, good contacts and a strong local network are indispensable. As at year-end 2019, 41 persons were employed by Vastned spread over the offices in Amsterdam, Antwerp, Paris and Madrid.

Financiers

The financiers along with the shareholders enable Vastned to invest in property. Vastned has a conservative financing policy and aims to spread its financing over different banks and other financing sources. ABN AMRO, Belfius, BNP Paribas, ING, KBC and Rabobank are currently providing credit facilities to Vastned. Pricoa Capital Group, AXA Real Estate en Barings have provided non-bank loans to Vastned.

Tenants

Many of Vastned's retail property tenants are strong and leading international and domestic retail brands, as well as local retailers. They lease from Vastned because of the quality and uniqueness of the properties and their excellent locations in city centres. A great number of properties have offices or residential space above the retail units, which is very popular with private tenants who want to live in city centres. At year-end, 480 retail parties and 221 residential tenants leased Vastned properties.

Stakeholder Dialogue

Stakeholder group	Shareholders **Frequency:** Monthly **Responsibility:** Investor Relations and Executive Board	Employees **Frequency:** Daily **Responsibility:** Human Resources	Financiers **Frequency:** Quarterly **Responsibility:** CFO	Tenants **Frequency:** Daily **Responsibility:** Portfolio managers
Communication	• Press releases • Trading updates • Webcasts • Annual General Meeting • Surveys • Meetings	• Feedback moments • Sharing knowledge and experience • Team building events	• Regular meetings • Seminars • Surveys	• Regular meetings • Seminars • Surveys
Discussion items	• Strategy and results • Risks • Communication optimisation • Sustainability • Efficiency	• Personal development • Communication and feedback • Efforts and dedication	• Financial strategy • Risks • Sustainability	• Sustainability of buildings • Complaints and advice • Lease conditions
Follow-up	• Updating operational or strategic objectives • Risk management • New communication channels	• Talent programme • Coaching and education • Remuneration system • Promoting health and well-being of employees	• Adjusting operational or strategic goals • Hedging risks	• Operational improvements • Investing in lettable units

Materiality matrix

In 2019, Vastned conducted an extensive survey in order to identify key topics for both Vastned and its stakeholders. Based on this survey Vastned selected fourteen material topics from a wide range of subjects. The main group of external stakeholders (investors, analysts, tenants and financiers) was asked to score these topics in terms of importance. Vastned's Management Team did the same. These scores form the key guidelines for Vastned's sustainability strategy and general business operations.

Of these fourteen topics, the stakeholders and Vastned considered the following five to be the most important [1)]:

1. Stable and predictable long-term results
Vastned strives for a conservative risk policy. In advance, Vastned takes external factors into account in order to ensure its results are stable and predictable in the long term.

2. Transparent and honest communication
Vastned intends to act transparently and to report on both financial and non-financial information. The survey conducted in 2019 asked the most important external stakeholders for their opinion on the communication/transparency of the company's Investor Relations department. The survey found that the respondents were satisfied with the information provision and the availability of the Investor Relations department.

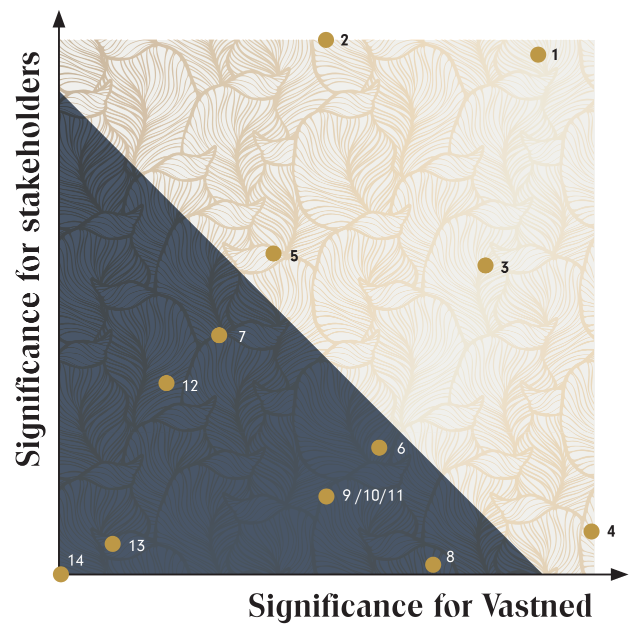
3. Ethical business operations
Vastned attaches great importance to responsible and ethical conduct and complies with laws and regulations and generally accepted social and ethical standards. With training and codes of conduct Vastned provides a guideline to its employees for ethical conduct and business operations.

4. Open and inclusive culture
Vastned's organisation is a true family culture that stimulates openness and inclusiveness and takes account of every individual employee. With short communication lines, the members of the Executive Board are in constant contact with the staff members and and the employees' personal growth and the company's growth go hand in hand. This makes Vastned an attractive employer for everyone, regardless of age, gender, origin or religion.

5. Sustainable and efficient buildings
During renovations Vastned aims to make buildings more sustainable by making them as energy and water efficient as possible and taking account of the climate in the urban environment.[2)]

The five material topics form an integral part of Vastned's sustainability framework, which is in line with the value creation model and the Sustainable Development Goals. The section 'Our objectives and results' on page 38 shows a visualisation of the relationship between the material topics, SDGs and Vastned's overarching objectives. Just as in 2018, 'stable and predictable long-term results', 'transparency' and 'integrity' emerged from the materiality matrix as the most important themes. In 2019, 'an open and inclusive culture' was also mentioned as an important theme; this is an aspect that was already a priority for Vastned.

1) The way in which these five subjects were selected was derived the guidelines for sustainability reporting of the Global Reporting Initiative (GRI, an internationally recognised standard for sustainability reporting).
2) Vastned usually lets its retail assets as a shell. As a result, Vastned has only limited influence on the energy consumption of its tenants. Furthermore, the possibility or making assets more sustainable with for example solar panels are limited due to regulations for listed monuments.



1 **Stable and predictable long-term results**
2 **Transparent and honest communication**
3 **Ethical business operations**
4 **Open and inclusive culture**
5 **Sustainable and efficient buildings**
6 Digitisation
7 Sustainable business operations
8 Maintenance and improvement of cultural heritage
9 Health and well-being of employees
10 Sustainable purchasing and reuse of materials
11 Talent management
12 Liveable, safe and inclusive cities
13 Informing tenants on support for sustainability measures
14 Involvement in local communities

How Vastned creates long-term value

Vastned's strategy is essential for creating long-term value. Knowledge of trends and market developments is indispensable in setting the strategy. A SWOT analysis also offers the insights necessary to arrive at an accurate assessment. These aspects are discussed below.

Transition in retail market still ongoing

Low unemployment, economic growth and higher consumer spending were positive factors for retailers in 2019. The battle among retailers for consumers' wallets is still in full swing. Consumers' spending patterns are changing and many retailers are searching for ways to adapt to this.

Rising consumer spending on food & beverage, culture, hotels and city trips are competing with retail spending. Smartphones and social media channels also play an ever increasing role in consumer purchases. Retailers must respond and continue to innovate and invest in their business models, shops and staff.

In addition to physical shops, many retailers have also launched online business models. Such multichannel, crosschannel or omnichannel strategies have not been successful for all retailers as they pose new operational challenges and involve different cost structures. High costs of IT, logistics and digital marketing often result in lower margins, while total sales do not necessarily increase. Vastned believes this shows that online business models do not work for all retailers, and that the quality and service of the physical shops will remain vital to retailers' success.

The location of the physical shops is becoming ever more important since consumers are increasingly combining their visit to a high street with lunch, dinner or an exhibition. For this, they tend to opt for the historic city centres of larger cities over smaller cities. Vastned anticipates that big retailers will concentrate their shops more and more in large European cities, and reduce the number of shops in secondary locations. Over the past twenty years, numerous new retailers have entered the European market, many of whom have not survived. It is vital for the retailer to have a good strategy and to make considerable investments in his staff and the shops, physical and/or online, to be able to grow successfully in the present retail market.

Property in historic city centres is popular with investors

Demand for property in historic city centres remains high, while supply is limited. As a result, yields remained virtually unchanged. For Vastned this means that the value of its portfolio remained relatively stable, but at the same time finding new retail assets that it can add value to is becoming harder.

The company believes urbanisation will continue, leading to ongoing strong demand for residential and office space in the city centres where Vastned is active. Vastned is constantly looking for possibilities in the portfolio to create residential space or offices above the retail assets in order to create long-term value.

The developments in the retail market and the retail property market described above vindicate Vastned's strategy of investing in the historic city centres of selected European cities.

SWOT analysis

Below, the main strengths and weaknesses of Vastned are set out, along with the greatest opportunities and threats in the market in which it operates.

Strengths

- Only listed pan-European property company focusing on assets in Amsterdam, Antwerp, Paris and Madrid
- Low capital investments
- Strong team of specialists in an effective and horizontal organisation
- Sound financial position with a conservative financing strategy
- Good quality portfolio in top retail locations with a high occupancy rate

Weaknesses

- Divestments of non-strategic property over the past year led to slight reduction in rental income and the direct result
- Low liquidity of the Vastned share, coupled with relatively high costs of the stock exchange listing compared to size of portfolio
- Difficult segment to invest in or grow in the present market

Opportunities

- Interest from retailers for top retail locations
- Low interest rate resulting in low financing costs
- Increasing demand for residential and office space in city centres
- Food & beverage market developing at pace in historic city centres

Threats

- Limited supply of and strong demand for assets in big European cities with a historic city centre
- Tenant bankruptcies
- Online retail

Our strategy

The trends and market developments and the SWOT analysis described above form the basis of Vastned's strategy. Vastned focuses on investing in the best retail property on the popular high streets of bigger European cities with a historic city centre. The objective is to generate long-term stable and predictable results and to contribute to preserving cultural heritage and to the liveability and safety of these historic city centres.

Strategy

PORTFOLIO

- Growth of the clusters in Amsterdam, Antwerp, Paris and Madrid
- Divesting non-strategic assets
- Expanding the food & beverage portfolio located close to Vastned's retail assets
- Converting warehouse space on the floors above current retail units to offices or residential space
- Optimising the value and rental income of the portfolio

ORGANISATION

- A compact team of specialists with a hands-on and result-oriented mentality
- Local teams with great deal of knowledge and experience and extensive networks
- Open and inclusive culture in the organisation

FINANCING

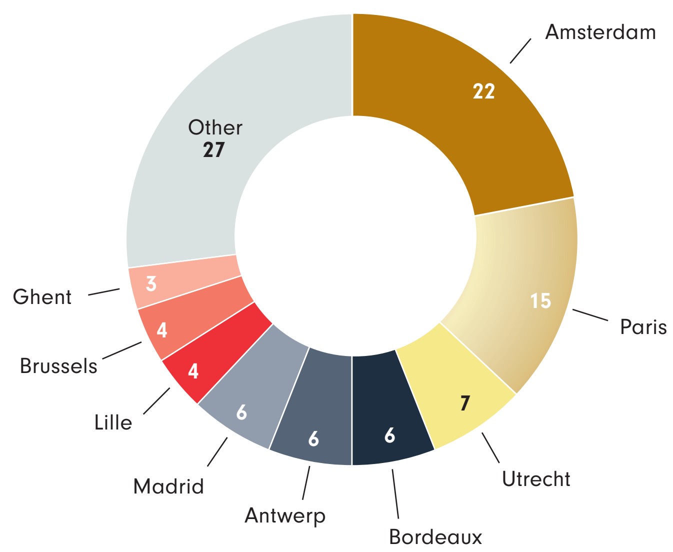
- Loan-to-value ratio between 35% and 45%
- Share of non-bank loans at least 25%
- Ratio fixed vs. floating interest at least 2/3-1/3

Vastned's strategy is founded on three pillars: portfolio, organisation and financing. Having made important progress over the past few years, Vastned updated its strategy in 2017, opting for clear focus on the city centres Amsterdam, Antwerp, Paris and Madrid. In 2018, Vastned added a focus area: expansion of the food & beverage portfolio located close to its retail assets in historic city centres. Food & beverage is gaining in importance for the shopping public, and increasingly defines the attractiveness of a retail area. Vastned believes in a good mix of retail and food & beverage and invests in food & beverage assets if they add value for its stakeholders. Investing in our properties, realising homes and offices on the floors above our assets contributes to preserving cultural heritage and to the liveability and safety of these historic city centres.

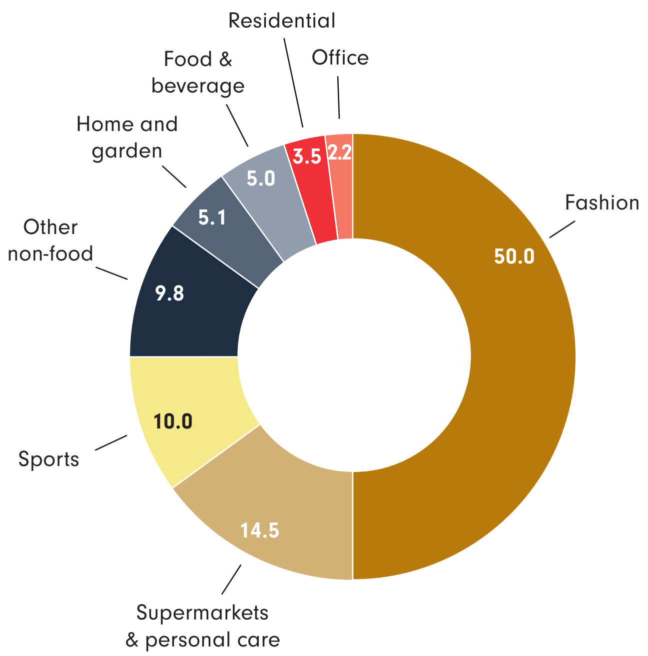
Vastned distinguishes itself with its strategy from other European listed property investors, who focus on shopping centres, offices and/or residential property, by being the only listed pan-European property company focusing exclusively on high street retail assets.

The portfolio can be broken down as follows in terms of market value and rental income:

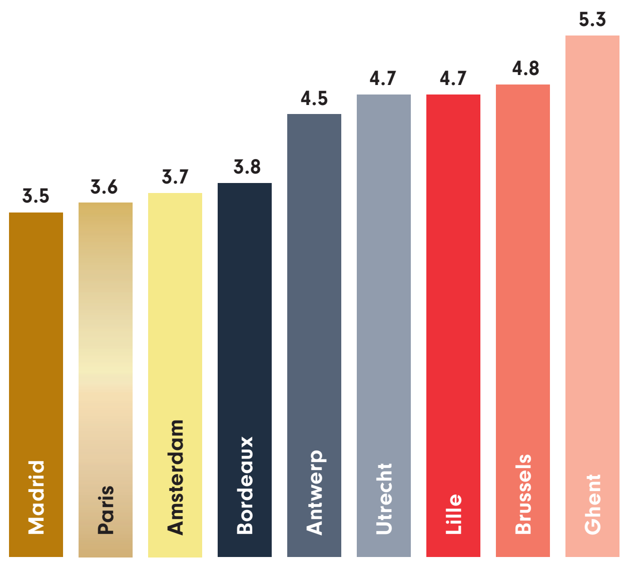
Breakdown of portfolio in % of total market value



Breakdown of portfolio in % of the total rental income



Initial Yield per city (%)1)



1) The initial yield is the annualised rental income, divided by the market value of the property.

Acquisitions and divestments
(€ million)

	2012	2013	2014	2015	2016	2017	2018	2019	Total
Acquisitions	111	104	103	164	76	38	49	14	**659**
Divestments	146	271	261	87	95	123	71	12	**1,066**
Total	**257**	**375**	**364**	**251**	**171**	**161**	**120**	**26**	**1,725**

Progress has also been made in the area of the other two pillars of the strategy - organisation and financing - over the past few years, contributing to Vastned's long-term value creation. By divesting relatively labour-intensive shopping centres and clustering the portfolio in a small number of big cities, the management structure and the amount of employees could be reduced. In addition, Vastned's loan portfolio was optimised further, the duration extended and the average interest rate of the loans reduced.

Our approach to sustainability

Vastned considers sustainability in the broadest sense as an integral part of its mission, strategy and organisation. The company has set itself the task of creating long-term value for its shareholders, tenants, employees and society as a whole. In doing so, Vastned means to act and report as transparently as possible.

To achieve these goals Vastned has set up a sustainability framework that connects Vastned's financial and non-financial information. The framework explains how Vastned's mission and values jointly contribute to the realisation of both financial and non-financial goals. Vastned's mission as a company and its sustainability mission are complementary to each other and lead to stable and predictable long-term results, as the functional lifespan of properties in historic city centres is extended and liveability and safety in the area are improved. Vastned's values reflect its working methods.

Using the materiality matrix presented on page 31, Vastned has formulated 'material topics' that are of great importance to Vastned and its stakeholders. The material topics are divided into three pillars: the liveability of city centres; minimising the footprint of its property; and improving the satisfaction of investors and tenants. In this way, Vastned works in a sustainable way to maintain, expand and strengthen a high-quality portfolio.

Sustainability framework

Our mission	Generating stable and predictable long-term results
Our sustainability mission	Investing in historic cities in order to extend the functional lifespan of the properties and contribute to the attractiveness and liveability of city centres

Our values	Proactivity	Sustainability	Quality	Entrepreneur-ship	Team spirit

Sustainability pillars	Improving the liveability of cities	Minimising impact of properties	Raising satisfaction of investors and tenants
Operationalisation	Expanding clusters of assets in historic centres of big European cities	Giving properties an energy performance certificate (EPC)	Tenant safety and health
	Creating or renovating residential space or offices above shops	Stipulating green and ethical clause in leases for assets	Securing long-term economic performance
	Maintaining monuments and cultural heritage	Continue energy saving programme	Transparency and communication

Foundation	Ethics, integrity and anti-corruption	Open and inclusive culture	Transparent and honest communication	Promoting the health and well-being of employees

Sustainable Development Goals

In 2015, the United Nations (UN) formulated seventeen key development goals for 2030. Vastned is inspired by the UN Sustainable Development Goals (SDGs) and acknowledges their importance.

Vastned has identified six main goals that it can contribute to and has included these in the core values of the business strategy. The following ten subgoals have been included in Vastned's financial and non-financial objectives:

SDG: 5.1
End all forms of discrimination against women and girls.
SDG: 5.5
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making.

Explanation: By ensuring an open and inclusive culture Vastned intends to combat all forms of discrimination within the organisation. Vastned has defined a diversity policy that aims to create equal opportunities for everyone in the organisation. This aim finds its concrete implementation in the intention for the Executive Board, the Supervisory Board and the Management Team to comprise at least 30% women and at least 30% men.

SDG: 8.5
By 2030, achieve full and productive employment and decent work for women and men, young people and persons with disabilities. Equal pay for work of equal value.

Explanation: Employees come first at Vastned. Vastned helps to create a pleasant work environment for all its employees in Europe. By focusing on long-term results Vastned employees can grow in a stable work environment in step with the organisation (for more information see the section Sustainability in the Report of the Executive Board).

SDG: 11.4
Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

Explanation: The majority of the assets in Vastned's portfolio have been designated as listed monuments and/or are located in urban conservation areas. Vastned feels a deep sense of responsibility for keeping this cultural heritage in a good condition. Regular maintenance is done on the properties, and the shops and houses are renovated (for more information see the section Sustainability in the Report of the Executive Board).

SDG: 7.3
Double global energy efficiency by 2030.
SDG: 12.2
By 2030, achieve the sustainable management and efficient use of natural resources.
SDG: 12.6
Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Explanation: Vastned endeavours to optimise the lifespan of all its properties. In this, it is vital that properties are managed sustainably and efficiently, making use of the original components of the properties as much as possible in view of their protected status as monuments. In such work, sustainable and recycled materials are used as far as possible. By being an example in the area of transparency, Vastned also encourages other companies in the property sector to report on non-financial information.

SDG: 16.3
Promote compliance with national and international laws and regulations. Ensure equal access to justice for all.
SDG: 16.5
Substantially reduce corruption and bribery in all their forms.
SDG: 16.6
Develop effective, accountable and transparent institutions at all levels.

Explanation: Corruption is countered by actively complying with laws and regulations and by making employees aware of them through training and using codes of conduct. By continuously working towards transparent, fair and ethical communication with its stakeholders about its activities, Vastned contributes to the development of transparent institutions in the property sector.

Our objectives and results

To realise its mission Vastned has formulated the following objectives, which are in line with the five key material topics, the sustainability framework and the SDGs. The table below presents the objectives along with the results of the past two years.

	SDG	Objectives	Result year-end 2019	Result year-end 2018
Stable and predictable long-term results	8.5 + 11.4	Direct result • *Target: € 2.00 - € 2.10 per share*	€ 2.03	€ 2.22
		Loan-to-value ratio • *Target: 35%-45%*	41.6%	39.0%
		Ratio of loans with fixed vs floating interest rate • *Target: 2/3 – 1/3*	77.9%	87.1%
		Share of non-bank financing • *Target: > 25%*	42.6%	52.0%
Transparent and honest communication	12.6 + 16.6	Relative score on Transparency benchmark • *Target: top 5 property sector*	3	1
		Relative score on Tax Transparency benchmark • *Target: top 5 property sector*	2	1
		Derived from Integrated Reporting with GRI	✔	✘
Ethical business operations	16.6 + 16.5	Number of integrity incidents reported to compliance officer • *Target: 0*	0	0
		Ratio of employees confirming compliance with code of conduct • *Target: 100%*	100%	100%
Open and inclusive culture	5.1 + 5.5 + 8.5	Diversity within the company, Supervisory Board and Management Team • *Target: at least 30% male and at least 30% female*	✔	✔
		Number of discrimination incidents reported to compliance officer • *Target: 0*	0	0
Sustainable and efficient buildings	7.3 + 12.2	Increasing the number of properties with an EPC • *Target: 75%*	71%	70%
		Raising the number of new leases with a green and ethical clause in the biggest European cities • *Target: 90%*	80%	85%
		Ratio of renovations with attention for energy and water efficiency • *Target: 100%*	100%	100%
		Creating and renovating apartments	14	15
		Minimising CO_2 emissions and compensating them in Vastned's business operations	✔	✔

• Steenhouwersvest 44, 46 en 48, Antwerp

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ANTWERP

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1969

Antwerp is known for being a city of fashion, and indeed remains so in 2020

• On the right: Leysstraat 28-30, Antwerp

• On the right: Armani, Leystraat 28-30, Antwerp

The Scheldt river has been the subject of many a song. The evergreen 'De lichtjes aan de Schelde' by the sadly deceased Bobbejaan Schoepen, later covered by many famous Flemish artists, is still being played on the radio every day. In the Stone Age a settlement developed on the banks of the Scheldt river, which would grow into the city of Antwerp.

Vikings settled on an outcrop of land in the Scheldt. The residents built a defensive moat, which became Burchgracht; this was torn down completely in the 19th century.

• De Meir, Antwerp

Burgeoning prosperity

It was the river that brought the Antwerp population prosperity. Tolls were levied as early as in 950 AD; two hundred years later the port was used to transport German wine to England. With the development of the British textile industry the port of Antwerp grew between 1200 and 1350 as a transit port. Although the city never joined the Hanseatic League, it did profit from international trade. In the 15th century, the Scheldt river became accessible for heavier vessels, which helped Antwerp blossom. Mother Nature did her bit by sending storm surges that widened and deepened the Scheldt. In 1550 the port had ten quays and eight inner harbours. City limits were marked by natural or constructed canals, covered canals and streams. Public sewers were covered over in the 19th century or filled in in response to cholera epidemics.

Metropolis

In the 15th century Antwerp began to expand quickly. Under the rule of emperor Charles V it became a major trading city in Europe, partly due to the increasing wealth and thriving culture. People from Bruges sought refuge in the town after their rebellion against Maximilian of Austria. The city's population increased from 50,000 to 100,000. Artists like Rubens, Jordaens and Teniers moved to Antwerp, along with scientists. The guild of artists flourished. In the 16th century Antwerp was on a par with other international metropoles. The printing industry blossomed under the influence of Christoffel Plantijn, and cartography was put on the map by Gerard Mercator. Antwerp got ultramodern city walls and a new town hall.

Stock exchange and closing of the Scheldt

In 1531 the Antwerp stock exchange opened for business, the mother of all stock exchanges. It was quickly copied in Amsterdam, London and Lille. Portuguese, Italians and Spaniards flocked to the city. Present-day Antwerp residents are still known as 'sinjors' or 'pagadders', harking back to the occupation by Spanish forces.

Antwerp grew into the most important port city in the world. It benefited from its favourable location, rapidly expanding its operations with the transport of English cloth, German copper and silver and Portuguese spices. The diamond business also began to take shape. With the fall of Antwerp to the Spanish the port slowly began to decline. In the same period the Scheldt river was 'closed' by the northerners in order to levy tolls and frustrate Spanish arms imports during the Eighty Years' War. Sea vessels could no longer sail into the port, and this decimated the thriving economy. However, trade on the Scheldt itself continued.

>>>

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2019

Rebellion and Napoleon

The southern Calvinists rebelled against Spanish rule, resulting in mass migration. Artisans, merchants and scholars left as a result of the economic decline. The place they fled to was Amsterdam, at that time not yet the powerhouse it was to become later in the 17th century. Thus, the Fall of Antwerp contributed to the prosperity of Amsterdam, as it took over Antwerp's function as a staple market. Over the next two centuries, Antwerp would never recapture the economic fortunes of its Golden Age. However, it did remain a key cultural centre of the Spanish and later on the Austrian Low Countries.

The city walls were torn down and turned into broad boulevards, such as Frankrijklei, Italiëlei and Amerikalei. The Antwerp citadel was demolished and a new district was built on the land: Zuid, with at its heart the striking Royal Museum of Fine Arts.

The reopening of the Scheldt was not intended to renew Antwerp's position as a successful trading centre. It had a military objective. Napoleon made the port of Antwerp a strong war harbour so as to thwart English interests. The nautical college was founded. Even so, sea trade took off again, especially transport of colonial products. Port activities attracted new labourers, and the Scheldt was widened. Napoleon brought tourism and entertainment to the city. Hotels, a theatre, shops and department stores like the Grand Bazar and Vaxelaire-Claes were built on what is now Groenmarkt. Antwerp also gained a reputation for fashion, which it still has to this day.

The port and the city in 2020

After Rotterdam, Antwerp is the biggest European port, with 2.35 million tonnes of maritime freight handled every year, with goods ranging from steel and timber to fruit, coffee and tobacco. The port operations have moved to the northern docks. The Eilandje, or islet, which is in fact the oldest part of the harbour, was renovated in the 1970s. At the time it was a depressing and desolate area, but the construction of the MAS museum and the renovation of the Felix Warehouse with the new city archives rejuvenated the area. The residential apartment buildings and the night life around the docks on the Eilandje is very popular with Antwerp residents as well as tourists. Just as before, Antwerp is a multicultural society with some 170 different cultures, among which Turkish, Moroccan, Polish, Dutch people and orthodox Jews are the biggest groups.

Tourists mainly come to the city for a day's shopping, with a broad range of shopping areas at walking distance, or on a city trip for the night life and cultural events. And there is more to look forward to: a new maritime museum will open its doors in 2023.

FACTS & FIGURES

ANTWERP

Population
527,461

First well-known shops
The Knives Shop, Grand Bazar, Vaxelaire-Claes or Au Bon Marché, Shopping Stadsfeestzaal with fairs and a car show

Annual number of tourists
16 million

Overnight stays by tourists
> 2 million

Tourists
Sixty percent are day trippers from Belgium and the Netherlands

Museums
35

Favourite attractions
ZOO Dierentuin, Bourlas theatre, Vlaamse Opera, Paleis op de Meir, diamond museum, silver museum, MAS, Royal Museum of Fine Arts, beer breweries, Onze-Lieve-Vrouwen Kathedraal, Rubens house, fashion museum

Favourite locations
Meir, Grote Markt, Stadhuis, Brabofontein, Groenmarkt, Het Eilandje, Stadsfeestzaal, Kloosterstraat and Kammenstraat, Bourla, Het Steen, the Scheldt river, Zuiderterras, St Anna beach, the Bird Market on Sundays

Number of shops
7,115

Number of Vastned retail properties
17

Number of Vastned residential properties
11

First Vastned shop
Huidevetterstraat 12, Company, 1994

Biggest tenant Vastned
Armani Jeans
(Leysstraat 28-30; 528 sqm)

REPORT OF THE EXECUTIVE BOARD

3

Review of the property portfolio
Notes on the financial results
Dividend policy and proposal
Events after balance sheet date
Outlook 2020
Sustainability
Corporate Governance
Risk management
Responsibility statement

Review of the property portfolio

Introduction

The value of the property portfolio was € 1,571 million at year-end 2019 (year-end 2018: € 1,579 million).

10 biggest tenants at year-end 2019	Theoretical gross rental income (€ million)	Theoretical gross rental income (%)	Number of assets	Lettable floor area (m^2 thousand)
1. H&M	5.9	8.0	8	15.1
2. Inditex	5.0	6.8	9	9.2
3. Fast Retailing	2.6	3.5	2	3.3
4. JD Sports	2.3	3.1	3	2.7
5. A.S. Watson	2.1	2.9	14	6.5
6. LVMH	1.8	2.4	4	1.5
7. FNG	1.4	1.9	7	3.8
8. Adidas	1.3	1.8	2	0.8
9. Skechers	1.3	1.7	1	0.7
10. Nespresso	1.2	1.6	2	0.9
Total	**24.9**	**33.7**	**52**	**44.5**

10 biggest portfolios at year-end 2019	Book value (€ million)	Theoretical gross rental income (€ million)	Occupancy rate (%)	Number of tenants	Floor area (m^2 thousand)
1. Amsterdam	351.5	13.1	98.6	52	16.7
2. Paris	232.5	8.3	99.9	19	6.8
3. Utrecht	113.6	5.4	98	45	16.3
4. Bordeaux	98.6	3.8	99.5	19	6.4
5. Antwerp	88.6	4.0	99.1	20	7
6. Madrid	88.6	3.1	100	7	2.6
7. Lille	60.5	2.9	100	28	6.2
8. Brussels	54.4	2.6	100	10	8.2
9. Ghent	40.7	2.2	100	5	8.7
10. Tielt-Winge	42.7	2.6	96.5	21	18.1
Total	**1,171.7**	**47.9**	**99.1**	**226**	**97**

Occupancy rate

Vastned considers the high occupancy rate as evidence of the quality and attractiveness of its property portfolio. At year-end 2019, the occupancy rate of the total portfolio was 98.0%.

Occupancy rate (%)	31 December 2019	31 December 2018
Netherlands	96.6	98.5
France	99.8	99.2
Belgium	98.8	98.0
Spain	100.0	100.0
Total	**98.0**	**98.6**

Leasing activity

In 2019, Vastned concluded 76 leases for a total annual rent of € 12.4 million, or 16.7% of the total theoretical annual gross rental income. In 2018, in comparison, Vastned concluded 71 leases for a total annual rent of € 10.6 million, or 14.0% of the total theoretical annual gross rental income.

In the fourth quarter Vastned concluded a new lease with JD Sports for its biggest asset in France: Rue de Rivoli 118-120 in Paris. Vastned also agreed new leases in France with Skechers, Boggi Milano and Snipes. In the Netherlands leases were signed with Jumbo and Rituals. In Belgium, leases were concluded with Pampling, Heytens and Edisac. In addition, leases were renewed with retailers including Mango in Utrecht, UGG in Paris, Zara in Brussels and H&M in Ghent. The portfolio in Spain was fully let throughout 2019. On the 76 leases that Vastned concluded, a rent decrease was realised of € 1.6 million (11.7%), mainly due to the rent decrease on the new lease with JD Sports for the asset Rue de Rivoli 118-120.

2019	Leasing activity			Rental change	
	Number of leases	€ million	% of theoretical annual rent	€ million	%
Total	**76**	**12.4**	**16.7**	**(1.6)**	**(11.7)**

Like-for-like gross rental income

The like-for-like gross rental growth in 2019 was 3% negative, compared to 0.8% positive in 2018, 1.3% positive in 2017 and 0.5% negative in 2016.

The 2019 result was driven mainly by a positive like-for-like gross rental growth in Spain and negative like-for-like gross rental growth in France. In Spain 17.5% growth was realised due to the letting of the asset on Calle Serrano 36 in Madrid to Sephora. This growth was entirely cancelled out by the vacancy of Rue de Rivoli 118-120 in Paris.

Corrected for these two outliers in Spain and France the total like-for-like gross rental growth in 2019 was 0.1% positive.

Like-for-like gross rental growth 2019
(% of gross rental income)

	Netherlands	France	Belgium	Spain	Total
Total portfolio	**0.4**	**(17.6)**	**(0.2)**	**17.5**	**(3.0)**
Corrected for the two biggest outliers [1]	0.4	(0.7)	(0.2)	1.8	0.1

1) Rue de Rivoli 118-120 in Paris and Calle Serrano 36 in Madrid.

Lease incentives

Lease incentives, such as rent-free periods, lease discounts and other payments or contributions to tenants, averaged 3.2% of the gross rental income in 2019. This is more than in 2018 (2.7%) and was the result of the decrease of the gross rental income in 2019.

The total lease incentives in 2019 and 2018 were equal at € 2.2 million. The difference between the actual and the IRFS lease incentives is due to the straightlining of lease incentives.

Lease incentives
(as a % of gross rental income)

	2019		2018	
	Actual	IFRS	Actual	IFRS
Total	**3.7**	**3.2**	**4.4**	**2.7**

Market rent

The market rent, also referred to as estimated rental value (ERV), of the various retail units is determined by appraisals carried out by independent appraisers commissioned by Vastned. The market rent is important for identifying reletting opportunities and threats. Relative to the market rent, the theoretical gross rental income (the gross annual rent of the existing leases plus the market rent of the vacancy) was 100.7% of the market rent at year-end 2019 (year-end 2018: 100.7%). In actual amounts, the overrent for the total portfolio was € 0.5 million.

Overrent or underrent at year-end 2019	Theoretical gross rent (€ million)	Market rent (€ million)	(Over) or underrent (%)
Total	**74.3**	**73.8**	**(0.7)**

Lease expirations

The durations of the leases vary depending on specific agreements, statutory regulations and local customs. Vastned operates in four countries, with different types of leases in each of them.

Customary lease durations and indexations

	Lease duration	Indexation
Netherlands	Generally, all leases are concluded for a period of five years, whereby the tenant has one or more options to renew the lease by another five years.	Based on the CPI 'all households'.
France	Leases are normally concluded for a period of at least nine years or twelve years, whereby the tenant has the option of renewing or terminating the lease every three years.	Based on the cost-of-construction index (ICC), or a mix of the cost-of-construction index, the cost-of-living index and the retail price index (ILC)[1].
Belgium	Leases are normally concluded for a period of nine years, with an early termination option after three and six years.	Based on the health index (derived from the CPI).
Spain	Leases are normally concluded for a minimum period of five years.	Based on the cost-of-living index (CPI).

1) In France, ever fewer leases are subject to ICC indexation, because new legislation prescribes that as of September 2014 the rent concluded in leases should be indexed based on the ILC index.

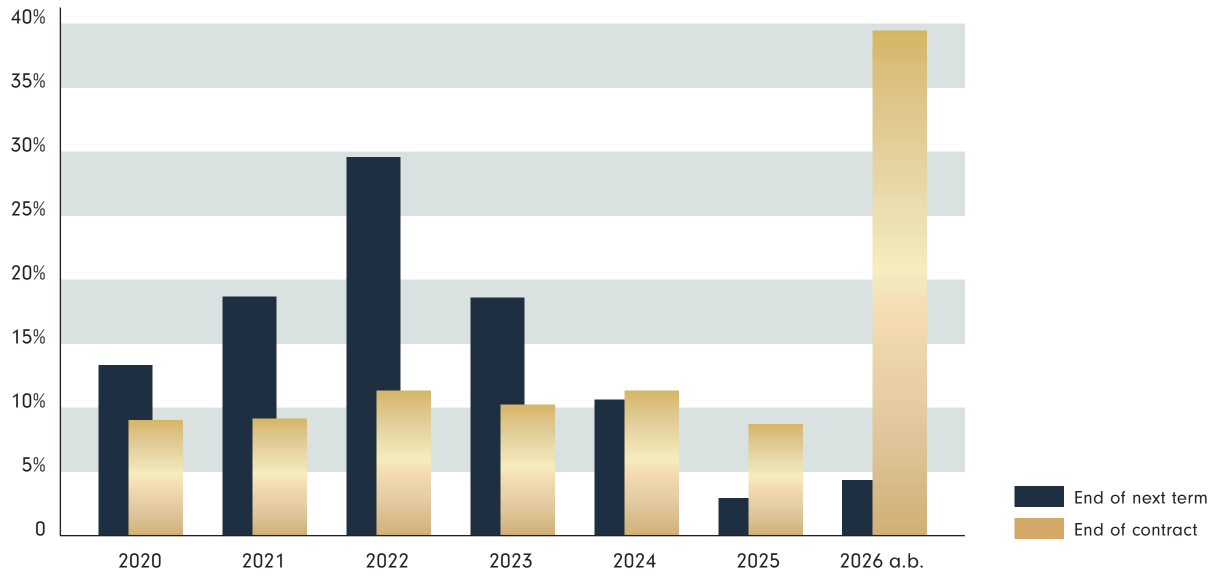
Average duration of leases

With respect to the expiration of leases Vastned makes a distinction between the first and next termination option for the tenant (end of next term) and the one at the end of the lease (end of lease). The table below lists the expiry dates of the portfolio by category.

Average lease duration year-end 2019 (years)

	End of next term	End of contract
Total	2.7	5.9

Lease expirations year-end 2019



In total, 13% of the leases, representing € 9.7 million in gross rental income, could be terminated or renewed in 2020.

Appraisal methodology

Bigger properties with an expected value of at least € 2.5 million, which make up 89% of Vastned's property portfolio, are appraised every six months by internationally reputed appraisers, except in Belgium, where appraisals take place quarterly. Smaller properties, with an expected value of below € 2.5 million, are appraised externally once a year.

Vastned ensures that the external appraisers have all the relevant information needed to arrive at a well-considered assessment. The appraisal methodology employed by the external appraisers is based on international appraisal guidelines (among which RICS Appraisal and Valuation Standards). This appraisal methodology is explained in more detail on page 139 of the financial statements.

Value movements in portfolio

The value of the property portfolio excluding acquisitions and divestments, decreased by € 12.5 million in 2019, or 0.8% relative to year-end 2018. The larger part of this decrease was due to the write-down of the assets on Rue de Rivoli 118-120 in Paris.

Taking the acquisition costs into account the total value decrease was € 13.1 million.

Value movement 2019

	Portfolio value (€ million)	Value movement (€ million)	Value movement (in %)
Total	1,571	(12.5)	(0.8)

Appraisers

Vastned makes use of the services of the following internationally reputed appraisers:

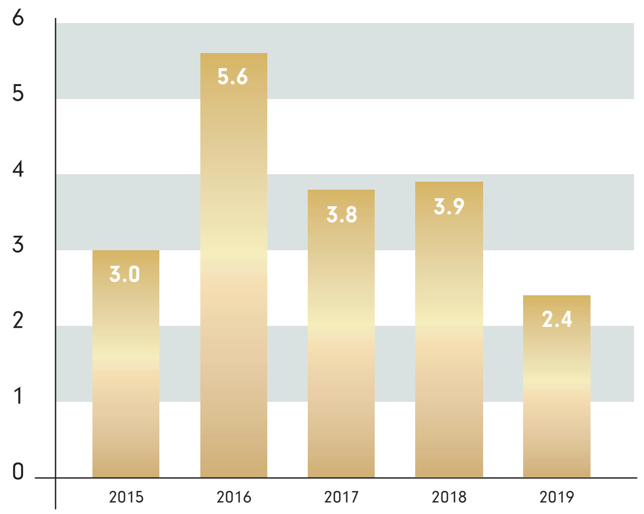
- CBRE in Amsterdam, Brussels, Madrid and Paris
- Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris
- Crédit Foncier in Paris (residential)

Capital investments

Capital investments plays a relatively minor role in Vastned's portfolio. In contrast to shopping centres, high street shops do not need complete renovations every five to ten years to keep them attractive for retailers and consumers.

Capital investments for Vastned are limited to those that add value, such as, where possible, adding retail floor area and creating larger lettable areas by connecting adjoining retail properties and creating and renovating residential space and offices above shops.

Capital investments (€ million)



Acquisitions

Vastned expanded its portfolio further in 2019 by making acquisitions in the Netherlands for a total amount of € 13.7 million including acquisition costs.

In Amsterdam the property Nes 67/Sint Barberenstraat 4 was bought for € 7.1 million including acquisition costs. Nes runs parallel to Rokin in a tourist area with a host of food and beverage establishments. The total floor area is over 900 square metres divided over the ground floor, basement and a mezzanine. This food & beverage establishment is let to the Bierfabriek Amsterdam restaurant.

Vastned further expanded its Amsterdam cluster in the Ferdinand Bolstraat. This concerns the corner property at Ferdinand Bolstraat 85/1e Jan Steenstraat 89, including four apartments on the floors above, which was bought for € 4.3 million including acquisition costs. The ground floor has a designated food & beverage area and is let to Bakker Bart.

Vastned also purchased the corner property Keizersgracht 233/Hartenstraat in Amsterdam, including the apartment on the floors above, for € 2.4 million including acquisition costs. The asset is located in the popular shopping area De 9 Straatjes in Amsterdam, which is a tourist area with many listed buildings, trendy boutiques and attractive food and beverage places.

Divestments

As part of its strategy and to further lower the risk profile of the portfolio, Vastned sold non-strategic assets for € 12.1 million in total in the Netherlands and Belgium in 2019.

In the Netherlands, Vastned sold the following properties in 2019: Nieuwstraat 9-11 and Breestraat 65-69 in Beverwijk, Steenstraat 110/ d'n Entrepot 3 and Hoogkoorpassage 14-18 and 22 in Boxmeer, Stationsstraat 18-20 in Boxtel, In de Cramer 140 in Heerlen, Hoofdstraat 25 in Veenendaal, Wouwsestraat 48 in Bergen op Zoom, Lange Bisschopstraat 34 and 50 in Deventer, Lange Kerkstraat 9 in Goes and Arendstraat 9-13 in Oosterhout. In Belgium, Vastned sold its non-strategic assets at Rue des Français 393 in Ans and Rue Pont d'Île 35 in Liège.

Notes on the financial results

Financial results (€ million)	2019	2018
Direct result	35.0	40.4
Indirect result	(12.6)	0.7
Result attributable to Vastned Retail shareholders	**22.4**	**41.1**
Result attributable to non-controlling interests	1.5	2.5
Result after taxes	**23.9**	**43.6**

Result attributable to Vastned Retail shareholders

The result attributable to Vastned Retail shareholders, which comprises the direct and indirect results, was € 22.4 million in 2019 (2018: € 41.1 million). The main factor in this lower result was the fall of the indirect result from € 0.7 million positive in 2018 to € 12.6 million negative in 2019.

The direct result fell from € 40.4 million in 2018 to € 35.0 million in 2019, mainly as a result of lower gross rental income due to a buy-out payment of € 5.3 million received in 2018, divestments in particular in the Netherlands and France and the vacancy of the asset Rue de Rivoli 118-120 in Paris.

The indirect result fell from € 0.7 million positive in 2018 to € 12.6 million negative in 2019. This decrease was mainly due to the relatively minor value decrease of the property portfolio of € 13.1 million, taking acquisition costs into account. In France, the value of the asset Rue de Rivoli 118-120 in Paris fell by € 7.4 million, which was fully compensated by a value increase of € 7.4 million of the other assets in the French property portfolio. The value of the property portfolios in Belgium and the Netherlands fell by € 10.8 million and € 4.6 million respectively, while the Spanish property portfolio increased in value by € 2.3 million.

Result per share

In 2019, Vastned bought back 742,616 shares for € 24.9 million including costs. Due to this share buyback in conjunction with the share buybacks in 2017 and 2018 the average number of shares in issue fell from 18.2 million in 2018 to 17.3 million as at year-end 2019.

The result per share attributable to Vastned shareholders was € 1.30 in 2019 (2018: € 2.26 per share). The result is comprised of the direct result per share of € 2.03 (2018: € 2.22 per share) and the indirect result per share of € 0.73 negative (2018: € 0.04 positive per share).

Development in direct result per share (€)

Direct result 2018	2.22
Like-for-like net rental income growth	(0.16)
Decrease in net rental income due to non-recurring items	(0.28)
Increase in net rental income due to acquisitions	0.09
Decrease in net rental income due to divestments	(0.10)
Increase in financing costs due to higher average interest-bearing debt	(0.08)
On balance decrease in financing costs due to lower average interest rate, changes in fixed/floating interest rates and working capital	0.10
Decrease of general expenses	0.04
Decrease in income tax	0.09
Increase of the result attributable to non-controlling interests	0.00
Increase due to share buyback	0.11
Direct result 2019	**2.03**

Development in net rental income 2019

Total (€ thousand)	Netherlands before adjustment for non-recurring items	Adjustment for non-recurring items	Netherlands after adjustment for non-recurring items	France	Belgium	Spain	Total
Gross rental income 2018	38,189	(4,041)	34,148	16,291	19,779	2,801	73,019
Acquisitions	757	-	757	869	-	123	1,749
Divestments	(1,696)	-	(1,696)	(799)	(70)	-	(2,565)
Like-for-like rental growth	(4,682)	4,817	135	(2,719)	(45)	490	(2.139)
Gross rental income	**32,568**	**776**	**33,344**	**13,642**	**19,664**	**3,414**	**70,064**
Other income	-	-	-	272	-	-	272
Operating expenses 1)	(3,684)	-	(3,684)	(1,079)	(1,383)	(387)	(6,533)
Net rental income 2019	**28,884**	**776**	**29,660**	**12,835**	**18,281**	**3,027**	**63,803**
Net rental income 2018	34,743	(4,041)	30,702	15,320	18,102	2,611	66,735
Operating expenses as a % of gross rental income 2019	11.3	-	11.0	7.8	7.0	11.3	9.3
Operating expenses as a % of gross rental income 2018	9.0	-	10.1	8.2	8.5	6.8	9.1

1) Including ground rents paid and net service charge expenses.

Adjustment for non-recurring items

In 2018, a non-recurring buy-out payment of € 5.3 million was received from a former tenant of the asset Kalverstraat 11-17/Rokin 12-16 in Amsterdam. In addition, a non-recurring buy-out payment of € 0.5 million was paid in 2018 to a departing tenant of the asset Kalverstraat 162-164 in Amsterdam. These non-recurring items were fully recognised in the 2018 direct result. In order to present a balanced view of the like-for-like growth of the rental income, in the table above these non-recurring payments were spread over the duration of the leases with the new tenants. As a result, the gross rental income recognised in the income statement 2019 was € 0.8 million lower on balance than the gross rental income stated in the table above.

Net income from property

Gross rental income

The gross rental income including non-recurring items was € 69.3 million in 2019 against € 77.1 million in 2018. The tables on page 57 present a breakdown by country.

Acquisitions (€ 1.7 million increase)
In 2018 and 2019 Vastned expanded its portfolio by acquiring assets in major European cities with a historic city centre in its core countries. This caused the gross rental income to rise in 2019 by € 1.7 million compared to 2018, of which € 1.4 million related to acquisitions made in 2018 and € 0.3 million to transactions completed in 2019.

In Amsterdam in the Netherlands the properties Ferdinand Bolstraat 85h, 85.1, 85.3, 85.4/1e Jan Steenstraat 89.3, Nes 67/ Sint Barberenstraat 4 and Keizersgracht 233 were acquired in 2019. These properties combined with a number of acquisitions in Amsterdam and Utrecht in 2018 led to an increase in gross rental income in the Netherlands of € 0.7 million.

In France the assets Rue des Francs Bourgeois 10 and 12 in Paris were acquired in 2018. These assets together brought an increase of the gross rental income in France of € 0.9 million in 2019.

Finally, in 2018 in Madrid the property Calle de Fuencarral 27 was bought, which resulted in an increase of the gross rental income of € 0.1 million in 2019.

Divestments (€ 2.6 million decrease)
In order to further improve the quality of the portfolio Vastned sold property for € 70.7 million and € 12.1 million in 2018 and 2019 respectively. This caused a € 2.6 million fall in the gross rental income in 2019 compared to 2018. Property divestments in the Netherlands accounted for € 1.7 million of this decrease, of which € 0.4 million was due to divestments in 2019 and € 1.3 million to divestments in 2018. In France, properties were sold in Nancy, Marseille and Limoges in 2018, resulting in a € 0.8 million decrease of the gross rental income in 2019. In Belgium, the assets in Liège and Ans were sold in 2019, leading to a fall of the gross rental income in 2019 of € 0.1 million compared to 2018.

Like-for-like gross rental growth (€ 2.1 million decrease)
The total like-for-like gross rental growth in 2019 was € 2.1 million negative, due to the vacancy of the property at Rue de Rivoli 118-120 in Paris. As a result of this, the like-for-like rental growth of the gross rental income in France was € 2.7 million negative. In Spain, the like-for-like rental growth was € 0.5 million positive due to the letting of the property Calle de Serrano 36 in Madrid. Taking adjustments for non-recurring items into account the like-for-like rental growth in the Netherlands was € 0.1 million positive. In Belgium the like-for-like gross rental growth was less than € 0.1 million negative. The decrease of the gross rental growth resulted in a like-for-like gross rental growth of 3.0% negative for the total portfolio.

Non-recurring items (€ 4.8 million decrease)
In 2018, a non-recurring buy-out payment of € 5.3 million was received from the former tenant of the asset Kalverstraat 11-17/Rokin 12-16 in Amsterdam. In addition, a non-recurring buy-out payment of € 0.5 million was paid to the departing tenant of the asset Kalverstraat 162-164 in Amsterdam. These non-recurring items were fully recognised in the 2018 direct result. In order to present a balanced view of the like-for-like gross rental growth, these non-recurring payments have been spread over the duration of the leases with the new tenants. As a result, the gross rental income recognised in the profit and loss account 2019 was € 0.8 million lower than the gross rental income stated in the table on page 57.

Operating expenses (including net service charge expenses)

Total operating expenses decreased from € 6.7 million in 2018 to € 6.5 million in 2019. This was caused by divestments of non-strategic assets in the Netherlands, France and Belgium. On a like-for-like basis the operating expenses increased by € 0.6 million, mainly due to maintenance and letting costs. The operating expenses equalled 9.4% of the gross rental income (not corrected for non-recurring items) (2018: 8.6%).

Value movements in property

The value movements in 2019 totalled € 13.1 million negative (2018: € 4.1 million positive), taking account of deduction of property acquisition costs of € 0.8 million. The value movements of the French property portfolio were virtually nil on balance. The value of the asset Rue de Rivoli 118-120 in Paris fell by € 7.4 million, and this represented a large portion of the value decrease of the total portfolio. The decrease was fully compensated, however, by a value increase of € 7.4 million of the other assets in the French property portfolio.

The value movements further comprised value decreases in the Belgian and Dutch property portfolios of € 10.8 million and € 4.6 million respectively, while on the other hand there was a € 2.3 million value increase in the Spanish property portfolio.

Net result on divestments of property

In 2019, Vastned sold property for € 11.8 million (book value). Divestments in the Dutch property portfolio accounted for € 9.4 million. In Belgium non-strategic assets totalling € 2.4 million were sold.

The net result on the divestments realised in 2019 after deduction of sales costs was € 0.3 million positive.

Expenditure

Net financing costs

The net financing costs including value movements of financial derivatives increased from € 17.2 million in 2018 to € 17.6 million in 2019. The development of the net financing costs is explained in the table below.

Development of net financing costs (€ million)

Net financing costs 2018	17.2
Increase due to higher average interest-bearing debts	1.4
On balance decrease due to lower average interest rate and changes in fixed/floating interest and working capital	(1.7)
Decrease of the non-cash component of convertible bond loan due to redemption of loan	(0.6)
Increase of negative value movements in financial derivatives	1.3
Net financing costs 2019	**17.6**

The net financing costs increased by € 1.4 million due to higher average interest-bearing debts resulting in particular from the share buyback programme. Due to changes in the composition of the loan and interest rate derivatives portfolio the average interest rate fell by 31 basis points from 2.53% in 2018 to 2.22% in 2019, reducing the interest expenses by € 1.7 million. As a result of the changed market interest rate, the value movements of the interest rate derivatives were € 2.7 million negative compared to € 1.4 million negative in 2018.

General expenses

The general expenses came to € 8.1 million in 2019 compared to € 8.7 million in 2018. The € 0.6 million decrease was mainly due to lower personnel costs and IT costs in 2019.

Abortive purchase costs

The abortive purchase costs were nil in 2019. In 2018, these costs were € 1.5 million, and concerned costs incurred in the context of the unsuccessful takeover bid for the shares in Vastned Retail Belgium not yet held by the company.

Current income tax expense

The current income tax expense for the regularly taxed entities in the Netherlands, Belgium and Spain was € 0.7 million (2018: € 0.5 million). The € 0.2 million increase was due to a higher tax expense of the entities subject to taxation in the Netherlands.

Movement in deferred tax assets and liabilities

The movement in deferred tax assets and liabilities was € 0.1 million positive in 2019 (2018: € 3.4 million negative).

Financing structure

Financing is an important pillar of Vastned's strategy. Vastned aims for a conservative financing structure, with a loan-to-value ratio of between 35% and 45%, diversification of financing sources e.g. by placing long-term bond loans with institutional investors (such as 'private placements'). With these private placements, Vastned has extended the duration of the long-term loan portfolio and realised a better spreading of its financing over lenders.

The existing interest rate policy to fix the interest rate of approximately two thirds of the loan portfolio was continued in 2019.

In January 2019, Vastned placed a new € 50.0 million long-term bond loan with Pricoa Capital Group with a seven-year duration. In September 2019, a new € 40.0 loan with a five-year duration was placed with Barings. The new loans were used to refinance the loans that fell due in 2019, including the convertible bond loan redeemed in April 2019.

In June 2019, Vastned unwinded part of its derivatives portfolio of a notional amount of € 135.0 million at the market value of € 5.3 million negative; new interest rate derivatives were then concluded with a notional amount of € 150.0 million based on the current market interest rate.

In July 2019, Vastned extended the duration of its existing € 325.0 million syndicated loan facility by one year to 12 September 2024.

As at 31 December 2019, Vastned's balance sheet showed a healthy financing structure with a loan-to-value of 41.6% (year-end 2018: 39.0%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 56.6% (year-end 2018: 59.0%).

At year-end 2019, the loans structure had the following features:

- The outstanding interest-bearing loans totalled € 651.2 million (year-end 2018: € 616.3 million);
- Non-bank loans comprised € 277.5 million (42.6%) of the total outstanding interest-bearing loans;
- In 2024 long-term loans totalling € 465.7 million will expire. This amount is related to the syndicated credit facility, the private placement with Barings and a number of Vastned Retail Belgium's credit facilities;
- 89.1% of the outstanding loans was long-term with a weighted average duration based on contract expiry dates of 4.9 years;
- 10.9% of the outstanding loans was short-term, including a € 25.0 million private placement that expired in January 2020 and a € 37.5 million private placement that expires in October 2020;
- 77.9% of the outstanding loans had a fixed interest rate, principally due to the use of interest rate derivatives and the private placements;
- A good spread of rent review dates, with a weighted average duration of 4.7 years;
- The average interest rate in 2019, taking account of the interest rate derivatives agreed and the private bond placements, was 2.2%. The average interest rate based on the outstanding interest-bearing debt as at 31 December 2019 was 2.2%;
- 22.1% of the outstanding loans had a floating interest rate;
- The negative value of the interest rate derivatives was € 2.7 million (year-end 2018: € 5.0 million negative). Of the lower negative value, an amount of € 5.3 million was due to the unwinding of a number of interest rate derivatives; the negative value further increased by € 3.0 million due to changes in the yield curve in 2019; and
- The unused credit facilities were € 118.9 million.

With a solvency of 56.6% and an interest coverage ratio of 4.2, Vastned Retail complies with all the loan covenants. All financing contracts stipulate a 45% minimum solvency ratio and usually require a 2.0 interest coverage ratio. Most financing agreements include a negative pledge clause, with a limited threshold for putting up security.

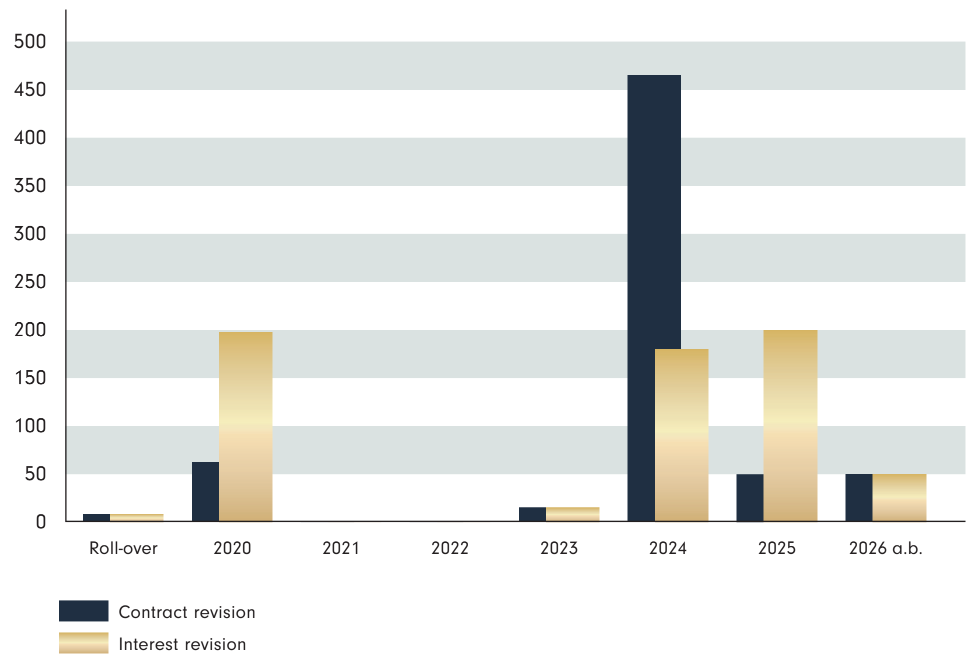
The unused credit facilities of € 118.9 million as at year-end 2019 provide ample liquidity to fulfil short-term payment obligations.

Loan portfolio as at 31 December 2019
(€ million)

	Fixed interest [1]	Floating interest	Total	% of total
Long-term debt	444.9	135.5	580.4	89.1
Short-term debt	62.5	8.3	70.8	10.9
Total	**507.4**	**143.8**	**651.2**	**100.0**
% of total	77.9	22.1	100.0	

1) Interest rate derivatives taken into account.

Contract and interest-rate revision dates of the loan portfolio at year-end 2019
(€ million)



Dividend policy and proposal

Dividend policy

The dividend policy stipulates that Vastned will distribute at least 75% of the direct result per share as dividend. In principle, no stock dividend is distributed. The dividend policy thus prevents share dilution caused by stock dividend. The annual dividend distribution is effected by means of an interim and a final dividend. After the publication of the half-yearly results, an interim dividend is paid out of 60% of the direct result per share for the first half year.

Vastned believes that a dividend distribution of at least 75% of the direct result leaves sufficient room for acquisitions, while striving for a conservative financing strategy that aims to limit loan capital financing to between 35% to 45% of the market value of the property portfolio. At the same time, its dividend policy generates a stable return for its shareholders. In this way, the dividend policy contributes to long-term value creation by the company.

In addition, Vastned declares its dividend taking account of the conditions attaching to the status of a fiscal investment institution within the meaning of Section 28 of the 1969 Corporation Tax Act.

Dividend distribution for 2018 and dividend proposal for 2019

The Annual General Meeting of 19 April 2019 declared a dividend for the 2018 financial year of € 2.05 per share, which was charged to the freely distributable reserves. In August 2018, an interim dividend of € 0.71 per share had already been distributed, so the final dividend came to € 1.34 per share.

In accordance with the dividend policy, on 21 August 2019 60% of the direct result for the first half year of 2019, or € 0.58 per share, was distributed as interim dividend. In the Annual General Meeting of shareholders of 16 April 2020, Vastned will propose to declare a dividend for the 2019 financial year of € 2.05 per share and charge it to the freely distributable reserves. The dividend for 2019 will then be equal to the dividend for the past four financial years. Taking the interim dividend of € 0.58 into account that has already been distributed, a final dividend will be declared of € 1.47 per share. The final dividend will be made payable on 4 May 2020.

At a closing price of € 26.70 on the last day of trading in 2019, which was 31 December 2019, this equates to a dividend yield of 7.7%.

Events after balance sheet date

After balance sheet date no events have taken place that impacted the 2019 financial statements.

Outlook 2020

Vastned remains cautious about market conditions in view of the transition in the retail landscape. Next to low unemployment, economic growth and high consumer confidence, income growth of consumers will remain decisive for a healthy retail market in 2020. Points of attention in this context are international trade disputes, the worldwide debt mountain and global economic growth levelling off. Vastned observes that in this challenging market retailers are even more selective in choosing the location of their shops and are more inclined to move shops to top locations in city centres than open shops in secondary locations. Vastned has anticipated this development in time.

In spite of the lower direct result in 2019 compared to 2018 Vastned still has the intention of distributing a dividend of € 2.05 per share, equal to the 2018 dividend. Vastned is confident that the quality of its portfolio will ensure a strong direct result again next year. The company will keep focusing on maintaining the high occupancy rate of the portfolio. For 2020 a direct result between € 2.05 and € 2.15 per share is expected, a limited rise compared to 2019. This growth is expected to be caused in particular by the improved occupancy rate compared to 2019, by contracting JD Sports at the Rue de Rivoli in Paris, against market conditions. Vastned will continue to invest in historic cities in order to extend the functional lifespan of the properties and make them more sustainable, and to contribute to the attractiveness and liveability of city centres.

Sustainability

Introduction

Sustainability is an important core value for Vastned in creating long-term value for its stakeholders. In Chapter 2 of this annual report Vastned's objectives were shown to be in line with the five most important material topics, Vastned's sustainability framework and the SDGs. In these, the preservation of cultural heritage, improving safety and liveability and creating sustainable and efficient buildings are key issues. Vastned considers it important to limit its environmental impact as far as possible and to enhance its contribution to society. An efficient and effective organisation is crucial for realising these objectives. For this reason, a high-quality organisation, a healthy work environment and the health and well-being of the employees are high on the company's agenda.

Principles

- Vastned and its staff members will comply with applicable laws and regulations at all times
- Vastned endorses the OECD guidelines for corporate social responsibility
- Vastned endorses the 17 development goals of the United Nations
- Vastned endorses the 10 principles of the United Nations Global Compact for human rights, working standards, the environment and the fight against corruption
- Vastned endorses the Paris Climate Agreement. The agreement was presented on 12 December 2015 with a view to combating global warming
- Vastned aims where possible to make a positive contribution to the environment
- Vastned will endeavour to extend the (economic) lifespan of its properties as far as possible and improve their energy efficiency
- Vastned will do its utmost to preserve monuments and cultural heritage
- As a professional organisation Vastned continually invests in its staff, focusing on the health and well-being of the employees
- Vastned and its staff members will act fairly and ethically at all times
- Vastned aims to continually contribute positively to society

Environmental impact

Vastned normally lets its properties as a shell, meaning that the tenant is responsible for energy connections and energy consumption. Vastned has only limited influence on the energy consumption of its tenants and is only responsible for the energy consumption of a limited number of general areas in the portfolio and of its own offices. Nevertheless, Vastned in 2019 concretely implemented its objectives to limit its environmental impact where possible.

Energy Performance Certificate

The share of commercial properties with an Energy Performance Certificate (EPC) rose from 70% at year-end 2018 to 71% at year-end 2019. In the Netherlands, France and Spain the proportion of properties with a EPC is 96%, 99% and 100% respectively. In Belgium it is not yet possible to get EPCs for commercial property. 86% of the residential properties in Belgium have an EPC.

Use of green energy and compensating CO_2 emissions

With respect to its own energy consumption, in 2019 Vastned made use of electricity from Dutch wind power and green gas. In addition, in collaboration with the Climate Neutral Group Vastned compensates all its CO_2 emissions from heating, electricity, water and paper use of the Vastned offices, including emissions from air, train and car travel of its employees. This is achieved by purchasing CO_2 credits based on the Gold Standard, which supports projects that reduce CO_2 emissions. In 2019, Vastned caused and compensated emissions totalling 205 tonnes of CO_2, compared to 209 CO_2 tonnes in 2018.

Contribution to society

Vastned has included green and ethical clauses in new leases in order to make its tenants aware of their impact on the environment and on society. This clause addresses subjects such as the use of natural resources, circular economy, the International Labour Organization, international codes and standards of conduct, human rights, child labour and animal welfare. In 2019, the company succeeded in adding a green and ethical clause to 80% of all newly concluded leases for retail assets.

Liveability of historic inner cities

Most properties in the Vastned portfolio are located in urban conservation areas and/or are listed monuments. Vastned feels a deep sense of responsibility for keeping this cultural heritage in a good condition. Regular maintenance is done on the properties, and the shops and houses are renovated where necessary and/or if this creates value. In such work, sustainable and recycled materials are used as far as possible.

Vastned is also investing in creating new residential space above shops so as to add to the liveliness and safety of the high streets after closing time. Thus, the company meets the rising demand for residential space in the historic centres of major European cities. These investments contribute to preserving cultural heritage and improving the liveability and safety of the cities. At the same time, it extends the functional lifespan of the properties and increases the quality and lettability of the portfolio.

In the course of 2019, two apartments were created by conversion and twelve apartments and studios were sustainably renovated in Amsterdam and Utrecht. When renovating apartments Vastned endeavours to improve them in terms of energy-efficiency, living comfort and safety. Energy-efficiency is measured using an EPC.

Ferdinand Bolstraat 88-3, Amsterdam
This apartment was fully renovated; a new kitchen, bathroom and floor were installed. It was also repainted. The renovation was completed in March 2019.

Ferdinand Bolstraat 49-2-3, Amsterdam
This apartment was renovated and subdivided into two apartments. The renovation and subdivision of the apartment improved the energy certificate from D/G to B/A. The two apartments were delivered in August 2019.

Ferdinand Bolstraat 81-1, Amsterdam
This apartment was sustainably renovated, improving the energy certificate from G to A. The apartment was delivered in September 2019.

Bakkerstraat 16-1-3, Utrecht
This project comprised a sustainable renovation of three apartments. As a result of the renovation the energy certificates of the apartments improved from G to A. The three apartments were delivered in September 2019.

2e Buurkerksteeg 7, Utrecht
This apartment was renovated and new windows installed. Vastned expects this will positively impact the energy certificate. The apartment was delivered in September 2019.

1e Jan van der Heijdenstraat 90-I, Amsterdam
This apartment was sustainably renovated, improving the energy certificate from G to A. The apartment was delivered in October 2019.

Ferdinand Bolstraat 101-2, Amsterdam
This apartment was sustainably renovated, improving the energy certificate from F to B. The apartment was delivered in November 2019.

Regulierdwarsstraat 80-82-84, Amsterdam
This project concerns a sustainable renovation and subdivided into two apartments. The renovation and subdivision of the apartment improved the energy certificate from G to A and B. The two apartments were delivered in December 2019.

2020
The following residential projects are scheduled for 2020:

Vinkenburgstraat 2bis, Utrecht
This project concerns a sustainable renovation of three studio apartments. After the renovation the energy certificates are expected to improve from G to at least C. The three studio apartments were delivered in early February 2020.

Van Baerlestraat 86.3, Amsterdam
This apartment is being renovated sustainably. Delivery is expected in Q1 2020.

1e Jan van der Heijdenstraat 88a-2, Amsterdam
This apartment is being renovated sustainably. Delivery is expected in Q2 2020.

Ferdinand Bolstraat 101.1, Amsterdam
This project comprised a minor renovation of the apartment. Delivery is expected in Q2 2020.

Rue de Rivoli 102, Parijs
This project comprises a conversion of the first floor into offices. Delivery is expected in Q3 2020.

Van Baerlestraat 108-110, Amsterdam
This concerns a sustainable renovation and subdivision into two apartments. Delivery is expected in Q4 2020.

Vredenburg 9/9A, Utrecht
This project comprises a conversion of the second floor into five high-quality apartments. Vastned expects to complete it in Q4 2020.

Taxes
Vastned feels it is very important for all companies to comply with tax regulations in the country where there are based, and that aggressive tax planning is expressly avoided. Some countries have special tax regimes for property investments, such as the FII regime in the Netherlands, the GVV regime in Belgium, and the SIIC regime in France. More information on this is presented on page 150. Vastned's tax policy was defined in consultation with stakeholders, such as shareholders and interest groups.

Organisation

Personnel and organisation: a crucial pillar of the strategy
Expanding and actively managing the property portfolio requires a hands-on, proactive and pragmatic organisation. Good contacts and a strong local network are indispensable. Employees play a crucial role in this for Vastned and contribute to the long-term value creation. Short communication lines and a horizontal organisation ensure the right dynamics. Vastned is a small but ambitious organisation whose employees are dedicated to creating and expanding a high-quality and sustainable portfolio let to leading retailers.

Care for the employees
Vastned feels it is important to stimulate and engage its employees in order to realise the company's ambitions together and create long-term value. Vastned considers promoting the health and well-being of its staff members as fundamental to a well-functioning organisation. This is why Vastned is investing in training, health and social engagement of its employees.

Employees are encouraged to regularly freshen up their knowledge and take relevant training. 18 employees took courses in 2019. In addition, Vastned offers the employees in its Dutch office a free healthy lunch consisting of organic and sustainable products. Vastned also pays half of employees' gym memberships. 37% of the employees are currently making use of this.

In order to emphasise its social engagement, Vastned allows its employees to take one day off per year to do volunteer work. In this context, Vastned organises a volunteer day every year, which both contributes to society and boosts the team spirit at Vastned.

Every year, an assessment interview is held with every employee. During these meetings challenging targets are set in mutual consultation that are geared both towards Vastned's objectives and to the employee's competences. This aligns the employees' personal development with Vastned's interests. As an added incentive Vastned grants variable bonuses to its staff that are determined based on the degree to which targets are achieved.

Employees are also encouraged to buy Vastned shares by giving a 10% discount on the purchase price. Employees must retain these shares for at least one year. In this way, Vastned aims to further align the interests of the employees and the shareholders.

One organisation with local knowledge and experience
Vastned works with local teams and has offices in Amsterdam, Antwerp, Paris and Madrid. The Management Team is based at the Amsterdam head office. Depending on their size, the country teams perform the following roles: management, asset management, property management, (technical) project management and finance & control. In addition, there are various staff positions in finance & control, IT and in secretarial, tax and legal affairs. Most of these staff positions are centralised at the Amsterdam head office. The teams have a high degree of independent responsibility, but they do adhere to a clear 'Vastned vision' and are supported intensively from head office.

Sharing knowledge and experience strengthens the organisation
The various teams are in close contact with each other and share their knowledge and experience. This occurs partly informally, but also in formal meetings that are convened twice a year.

They are attended, in addition to the members of the Management Team, by many employees from the local teams. During these meetings experiences and contacts are exchanged in order to support one another in lettings, but also in acquisitions and divestments. This ensures that Vastned will be better able to assist retailers in their expansion plans. Vastned also invites external speakers to give their expert opinions on particular subjects, for example developments in the retail market, expansion plans of retailers and developments in the area of sustainability.

Employees

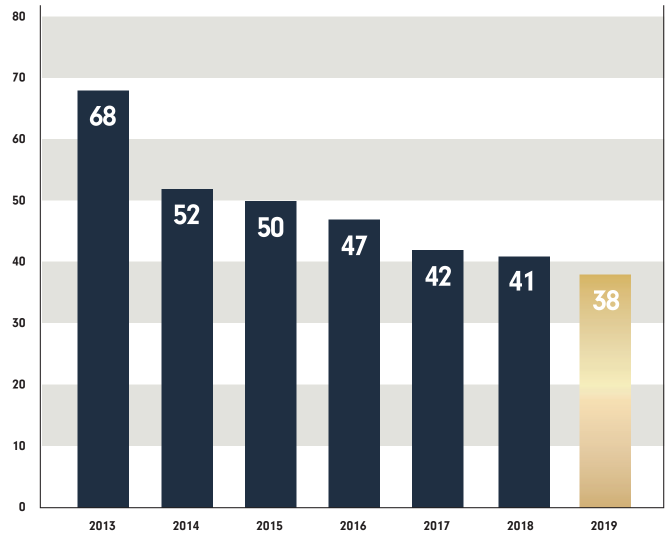
At year-end 2019, Vastned employed 38 FTEs, or 41 persons.

Vastned attaches great importance to diversity within the teams. Diversity ensures dynamism, different views and balance within teams, which is vital to achieving the best results. Diversity for Vastned means more than just the gender ratio in the organisation. Different backgrounds in terms of education, age and culture also play a key role.

Over the past few years Vastned has not only made big changes to the portfolio, but also to its staff complement. The number of FTEs has decreased in line with the smaller and more focused portfolio, from 68 at year-end 2013 to 38 at year-end 2019. This fall was mainly to do with the divestment of shopping centres and a large number of smaller properties. Furthermore, Vastned in 2017 further adjusted the management structure, cutting out the position of country manager between the Dutch portfolio managers and the CEO. This has made the organisation even more efficient.

Number of employees	**Total year-end 2019**							
	Male 18				Female 23			
Part-time vs. full-time	**full-time**				**part-time**			
	Male 17		Female 12		Male 1		Female 11	
Employees by region	**Netherlands**				**France**			
	Total FTE 21.7				Total FTE 8.8			
	Male 11.9		Female 9.8		Male 3		Female 5.8	
	Fixed contract 8.9	Temporary contract 3	Fixed contract 9.8	Temporary contract 0	Fixed contract 3	Temporary contract 0	Fixed contract 4.8	Temporary contract 1
	Belgium				**Spain**			
	Total FTE 6.6				Total FTE 1			
	Male 3		Female 3.6		Male 0		Female 1	
	Fixed contract 1	Temporary contract 2	Fixed contract 1.8	Temporary contract 1.8	Fixed contract 0	Temporary contract 0	Fixed contract 1	Temporary contract 0
Own staff vs. hired	**Own staff**				**Hired externally**			
	41				2			
Ratio of employees subject to CLA	0%							

Development FTEs (year-end)



Reporting

Vastned believes that its reporting must be consistent, frequent and transparent, and feels this is an important responsibility for a listed company.

Internal

In the biweekly Management Team meeting developments in the area of sustainability are discussed. Chaired by the CEO, the meeting deals with various topics, among which:

- Progress on the realisation of the current objectives;
- Potential objectives;
- Topical sustainability issues;
- Developments in the area of reporting and communication; and
- Evaluation of results.

As chairman, the CEO has the final say on any action to be taken. The sustainability task force consists of the CEO and two members of the Management Team.

External

Progress on the realisation of sustainability objectives is explained in the annual report every year.

Transparency Benchmark
The Transparency Benchmark is a survey by the Ministry of Economic Affairs and Climate into the qualitative and quantitative development of social reporting by the largest Dutch companies.

Vastned is committed to reporting in accordance with the Transparency Benchmark every year. In the most recent survey, which was conducted in 2019, Vastned came third in the property sector with 43 points, achieving its ambition to be among the top five property companies. The survey is conducted every two years, so the next edition will be in 2021.

Tax Transparency Benchmark
In late 2019, the Association of Investors for Sustainable Development (VBDO) presented the Tax Transparency Benchmark 2019, a report in which 77 listed companies in the Netherlands are compared in the area of tax transparency. Here, too, Vastned achieved a very high score in its sector. With a score of 20 points, Vastned claimed joint 21st position of the 77 companies surveyed, and second place in the property sector, again achieving its ambition to be in the top five property companies.

EPRA Best Practices Measures
Vastned has committed itself to reporting in accordance with EPRA's financial and social guidelines (pages: 194, 200).

For over ten years, Vastned has reported its financial results in accordance with EPRA's Best Practice Recommendations (BPR); over the past nine years each of its reports won EPRA's BPR Gold Award. Since 2016, Vastned has also reported in its annual report in accordance with the EPRA Sustainability Best Practices Recommendations (sBPR) for social reporting. In 2019, Vastned's reporting on 2018 won EPRA's sBPR Gold Award, for the fourth year running.

Integrated Reporting and Global Reporting Initiative
The 2019 annual report is Vastned's second consecutive fully integrated annual report. In 2019, the materiality matrix was recalibrated and the financial and non-financial results were more explicitly linked. This annual report is closely in line with all Global Reporting Initiative guidelines (see the GRI table on page 224).

Verification of non-financial information
Currently the non-financial information is not being audited by an external auditor. Vastned has entered into collaborations with four external parties in order to guarantee the accuracy of the non-financial information:

- Sustainalize supports Vastned in analysing and measuring the needs of its stakeholders; Sustainalize also assists Vastned in the correct reporting in accordance with international reporting standards;
- Vattenval provides figures on the consumption of gas and electricity in the portfolio;
- Climate Neutral Group supports Vastned in collecting energy data of its own offices in the four countries where Vastned operates; and
- JLL supports Vastned in the collation of energy data and ensures that this is done in accordance with EPRA standards.

By collaborating with these four parties Vastned has developed an internal process to guarantee the accuracy and completeness of the non-financial information. Since 2016, Vastned has reported in its annual report in accordance with the EPRA Sustainability Best Practices Recommendations (sBPR) for social reporting.

Corporate Governance

It is Vastned's ambition to match European 'best in class' companies in the area of corporate governance. In this context Vastned has committed itself to striving for the highest standards on compliance with the provisions in the Dutch Corporate Governance Code ('Code') and the principles and best-practice provisions contained in it. The full text of the Code may be inspected on:

www.mccg.nl/english

Compliance with the Code

Compliance with the Code and the main points of Vastned's governance structure will be put on the agenda as separate items and explained during the Annual General Meeting of shareholders. Vastned affirms that it has followed all principles and best-practice provisions of the Code throughout 2019.

Governance structuur

The main Corporate Governance points can be downloaded from the Vastned website.

www.vastned.com/en/corporate-governance

In view of the number of its employees, Vastned does not qualify as a 'structuurvennootschap' in the Netherlands. A list of subsidiaries and an explanation are presented in the financial statements on page 174.

Composition and duties of the Executive Board and the Supervisory Board

The Executive Board consists of the CEO and the CFO. For an extensive description of the duties of the Executive Board and the Supervisory Board of the Company, the way appointments, suspensions and dismissals of the members of these Boards are effected, as well as the Articles of Association, the Regulations of the Executive Board and the Regulations of the Supervisory Board, please refer to:

www.vastned.com/articles_of_association
www.vastned.com/regulations_and_codes

The curricula vitae of the members of the Executive Board and the Supervisory Board are included in this annual report on page 228 and following.

Remuneration of the Executive Board and the Supervisory Board

The 2019 remuneration report for the Executive Board and the Supervisory Board is presented on page 107 of this annual report, and may also be inspected on the company's website.

www.vastned.com/remuneration_report

Share ownership Executive Board and the Supervisory Board

An overview of the shareholdings of the members of the Executive Board and the Supervisory Board is presented on page 173 of the annual report.

Members of the Executive Board and Supervisory Board will only hold shares in Vastned as a long-term investment and must purchase these shares at their own cost. When purchasing and selling shares, they will act in compliance with the Regulation Private Investment Transactions adopted by the Company.

The full text of the Regulation Private Investment Transactions is available on Vastned's website.

www.vastned.com/regulations_and_codes

As appropriate, transactions will also be reported to the Authority for the Financial Markets (AFM).

Executive Board retirement roster

The Executive Board's retirement roster is included in the document Main points Corporate Governance on the company website:

www.vastned.com/main_points_corporate_governance

Retirement roster Supervisory Board

The retirement roster of the members of the Supervisory Board may be inspected on the company website:

www.vastned.com/sb

Independence and conflicting interests

During the 2019 reporting year the members of the Executive Board and the Supervisory Board were independent and there were no conflicts of interest within the meaning of the Code or applicable laws and regulations.

Regulations

The Regulations of the Executive Board, the Regulations of the Supervisory Board, the Code of Conduct, Regulation on Incidents, the Whistleblower's Code and the Regulation Private Investment Transactions may be downloaded from Vastned's website.

www.vastned.com/regulations_and_codes

Diversity policy and objectives

Vastned has put in place a policy on diversity which can be downloaded from its website. This policy sets out the concrete objectives concerning diversity and the aspects thereof that are relevant for the company, such as nationality, age, gender and background in terms of education and professional experience.

www.vastned.com/regulations_and_codes

At year-end 2019, the make-up of the Supervisory Board was 50% female, in accordance with Vastned's objectives in terms of gender diversity. The Executive Board, made up of two persons, was all male at year-end 2019, so does not have the appropriate balanced composition on this point. The two-member Executive Board is due to the size of Vastned's organisation. Vastned does not expect to expand or change the composition of the Executive Board in 2020. For this reason, no term can be given for when the make-up of the Executive Board will be brought in line with the policy. In new appointments, the aspect of gender diversity will be included, whereby selection of the most suitable candidate based on all selection criteria will be paramount at all times.

The profile of the Supervisory Board also states that experience with sustainability and corporate social responsibility is desirable for a balanced composition of the Supervisory Board. In addition, the profile of the Supervisory Board states that knowledge of the property sector is indispensable for a balanced composition of the Board. The appointment of Jaap Blokhuis to the Supervisory Board in 2019 was a concrete implementation the Board's profile and the diversity policy. Mr Blokhuis' extensive experience in the property sector, both in managerial and supervisory positions, guarantees the interests of Vastned's stakeholders and as such also the creation of long-term value for the company. In the context of Vastned's induction programme for new supervisory directors Jaap Blokhuis attended meetings of (committees of) the Supervisory Board as an observer prior to his appointment.

Indemnity

The conditions attaching to the indemnity of the members of the Executive Board and the Supervisory Board from liability claims from third parties are laid down in the Articles of Association. In 2019, the members of the Executive Board and the Supervisory Board were adequately insured for directors' liability and external liability.

General Data Protection Regulation (GDPR)

Vastned's privacy policy can be inspected on its website:

https://vastned.com/privacypolicy

Vastned's cookie policy can be inspected on its website:

www.vastned.com/en/about-us/cookies

Tax Policy

Vastned complies with all relevant rules on transparency in the area of taxation. Vastned has a Tax Policy that was approved by the Supervisory Board on 15 February 2016, and reports quarterly to the Executive Board and the Supervisory Board on the implementation of the policy. The full text of the Tax Policy can be downloaded from Vastned's website:

www.vastned.com/tax_policy

Annual General Meeting and voting rights

Vastned holds an Annual General Meeting of shareholders at least once a year. In these meetings, the following issues are normally discussed:

- a detailed report of the Executive Board on the past financial year with an explanation of the long-term strategy, its vision on long-term value creation and the strategy to realise this, as well as the state of affairs;
- the dividend and reservation policy;
- corporate governance developments within Vastned and compliance with the Code; and
- the remuneration report for the past financial year. The remuneration report for 2019 will be put to the Annual General Meeting on 16 April 2020 for an advisory vote.

Important matters that require the approval of the General Meeting include:

- substantial amendments to the Articles of Association;
- adoption of the financial statements for the past financial year;
- proposals for the appointment of Executive Board and Supervisory Board members;
- the dividend and reservation policy;
- the dividend declaration proposal;
- the adoption of the remuneration policy for the Executive Board (as of 1 December 2019 at least once every four years);
- the adoption of the remuneration policy for the Supervisory Board (as of 1 December 2019 at least once every four years);
- the issue or purchase of Vastned shares;
- approval of the policy conducted by the Executive Board (discharge from liability of the members of the Executive Board);
- approval of the policy conducted by the Supervisory Board (discharge from liability of the members of the Supervisory Board);
- any substantial change to the governance structure of the company and to its compliance with the Code; and
- the engagement of the external auditor.

In this context the Annual General Meeting of shareholders on 19 April 2018 conditionally authorised the Executive Board up to and including 19 October 2019 to grant rights to acquire shares up to a maximum of 10% of the share capital in issue on 19 April 2018 and acquire shares in the capital of the Company, subject to approval from the Supervisory Board.

Based on this authority and with the approval of the Supervisory Board 742,616 own shares were purchased between 1 January 2019 and 17 April 2019. More information on this subject can be found on page 220 of this annual report.

The Annual General Meeting of shareholders on 19 April 2018 conditionally authorised the Executive Board up to and including 18 October 2020, subject to approval from the Supervisory Board, to acquire shares in the capital of the Company up to a maximum of 10% of the share capital in issue on 18 April 2019. This authority was not used in 2019. As a result of this granting of this authority by the Annual General Meeting of shareholders, the authority granted on 19 April 2018 was cancelled.

Financial reports are drawn up in accordance with internal procedures. The Executive Board and the Supervisory Board are jointly responsible for ensuring that the financial reports are accurate and complete and are published on time. The external auditor is also involved in the contents and publication of the semi-annual figures, the annual financial statements and the associated press releases. The external auditor will attend the Annual General Meeting and may be asked to comment on his audit opinion concerning the fairness of the financial statements. The external auditor in all cases attends the meetings of the Supervisory Board and/or the audit and compliance committee in which the annual financial statements are discussed.

For further details of the proposals that the Executive Board and/or the Supervisory Board may submit to the Annual General Meeting and the relevant procedure, reference is made to the Company's Articles of Association.

www.vastned.com/articles_of_association

Participation and votes

A high degree of shareholder participation in the Annual General Meetings is considered to be of the greatest importance. Vastned encourages shareholders to take part in the meetings and to use the opportunity to pose questions (in advance). They may vote in person or, if they cannot personally attend the meeting, (electronically) grant a voting proxy and voting instructions to an independent party. The meeting documents, minutes and presentations are placed on the website. Vastned has no shares with special controlling rights. Every share entitles the holder to one vote in the Annual General Meeting. More information about exercising voting rights may be found in the Articles of Association of the Company and in the convening notices for meetings which are published on our website.

www.vastned.com/articles_of_association
www.vastned.com/agm

Overview of protection measures

Vastned has no outstanding or potentially available protection measures against any takeover of control of the Company.

Article 10, EU Takeover Directive

Pursuant to Article 10 of the EU Takeover Directive, companies whose securities are admitted to trading on a regulated market must include information in their annual reports concerning, amongst other things, the capital structure of the company and the existence of any shareholders with special rights. In this context, Vastned discloses the following information:

a) The Company's capital structure, the composition of the issued capital and the dividend policy are set out in the section 'Shareholder Information' on page 210 of this annual report. The rights vested in these shares are laid down in the Company's Articles of Association, which may be inspected on Vastned's website. Briefly, these rights with regard to ordinary shares consist of the right of shareholders to attend the Annual General Meeting, to speak and vote at this meeting, and the right to payment of what remains of the Company's profit after allocations to the reserves. As at year-end 2019, the issued capital consisted entirely of ordinary (bearer) shares;
b) The Company has not placed any restrictions on the transfer of ordinary shares;
c) For participations in the Company subject to a disclosure obligation under Articles 5:34, 5:35 and 5:43 of the Financial Supervision Act, reference is made to the section 'Shareholder Information' page 210 in this annual report. The section 'Share Ownership' lists shareholders holding an interest of 3% or more that were known to the Company at year-end 2019;
d) There are no shares in the Company that bear special controlling rights;
e) The Company does not have any arrangements in place granting employees the right to subscribe for or acquire new shares in the capital of the Company or any of its subsidiaries;
f) The voting rights vested in the shares in the Company nor the periods for exercising the voting rights are in any way restricted;
g) To the best of the Company's knowledge, there are no agreements with shareholders that could result in restrictions on the transfer of shares or on the voting right;
h) The provisions for appointing and dismissing members of the Executive Board and members of the Supervisory Board and for amending the articles of association are laid down in the Company's Articles of Association and the Regulations of the Executive Board and the Regulations of the Supervisory Board;
i) The general powers of the Executive Board are listed in the Articles of Association of the Company. The powers granted by the Annual General Meeting to the Executive Board to issue or purchase shares are set out on page 74 of this chapter;
j) Various loan agreements between the Company and external financiers contain change of control clauses; and
k) The Company has made no agreements with members of the Board of Management or employees that provide for remuneration upon termination of employment resulting from a public bid within the meaning of Article 5:70 of the Financial Supervision Act.

Corporate governance statement

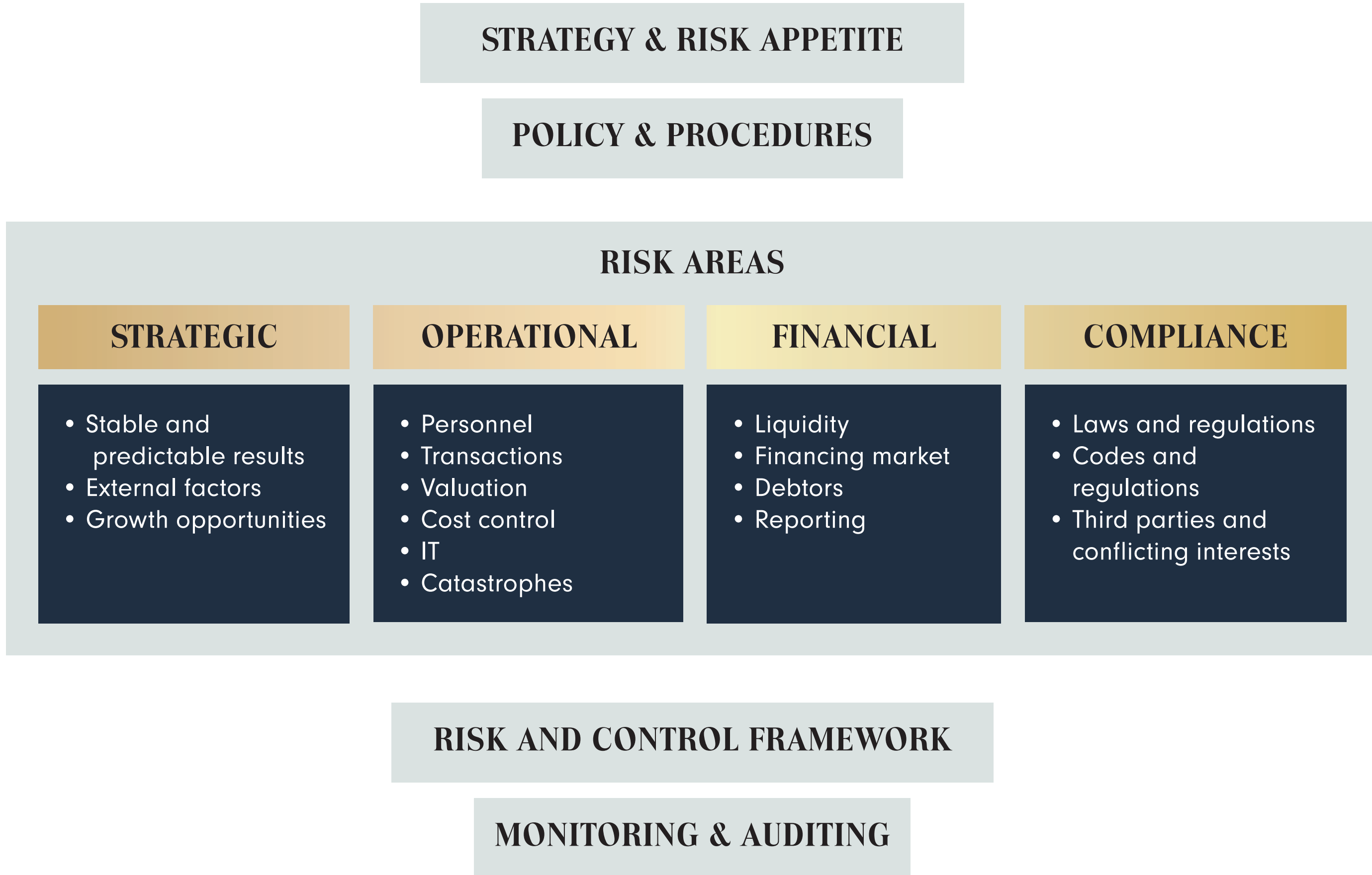
This is a statement pursuant to Article 2a of the Decree on additional requirements for annual reports dated 10 December 2009 ('Decree'). For the disclosures in this statement as defined in Articles 3, 3a and 3b of the Decree, please see the relevant sections in the 2019 annual report. The following announcements should be considered as having been included and repeated here:

- The disclosure concerning compliance with the principles and best practices of the Code, as included in the section 'Corporate Governance' on page 71 of the annual report;
- The disclosures concerning the main features of the risk management and control system relating to the financial reporting process of the Company and the Group, as described in the section 'Risk Management' on page 77 in the annual report;
- The disclosures regarding the functioning of the shareholders' meeting and its main powers, and the rights of the shareholders and how they may be exercised, as included in the section 'Corporate Governance' on page 71 of the annual report;
- The disclosures regarding the composition and functioning of the Executive Board, as contained in the 'Report of the Executive Board' on page 71 of the annual report and in the section 'Composition of the Management Team' on page 228 of the annual report;
- The disclosures regarding the composition and the functioning of the Supervisory Board and its committees, as contained in the chapter 'Report of the Supervisory Board' and the section 'Composition of the Supervisory Board' on page 94 and page 230 respectively of the annual report;
- The disclosures on the (objectives of) the diversity policy and the way in which this policy was conducted, as included in the section 'Corporate Governance' on page 71 of the annual report; and
- The disclosures pursuant to Article 10 of the EU Takeover Directive, as included in the chapter 'Corporate Governance' on page 71 in the annual report.

Risk management

This chapter provides an overview of Vastned's risk management and control system. The risk management and control system forms an integral part of the business operations and the reporting and aims to ensure with a reasonable degree of certainty that the risks to which the company is exposed are identified adequately and controlled within the context of a conservative risk profile.

Risk management at Vastned



Strategy and risk appetite

Vastned's objective is to invest in retail property in the most popular high streets of big European cities with historic city centres in order to realise predictable and stable long-term results and contribute to the liveability and safety of these historic city centres.

In pursuit of the realisation of this objective Vastned has put in place a strategy based on three pillars: (i) a portfolio of assets situated in top locations, (ii) a hands-on, proactive and pragmatic organisation, and (iii) a conservative financing strategy. This strategy was set in 2011 and updated in 2014 and 2017 (see pages 33 and 34).

The execution of this strategy inevitably involves risks. From a strategy perspective, however, the risk appetite is conservative, which is borne out by the fact that the focus is fully on the very best retail property in selected cities. Long-term value creation is preferred over growth of the property portfolio. In operational terms the risks must be minimised, whereby Vastned's operational processes are based on best practices. If Vastned should become aware of the possibility that it is doing irreparable harm to people or the environment, it will take further measures to investigate the cause and effects of such harm.

Vastned's financial policy may be characterised as conservative. This is evident inter alia from the conservative financing strategy set out in the Strategy section on page 35. With respect to compliance, the risk appetite is zero: all applicable laws and regulations must be fully complied with. Vastned has formulated clear principles in this area that have been laid down in various codes and regulations, and that are in line with the Code.

In conclusion, we can state that Vastned's total risk appetite is conservative, which is in line with its objective to generate stable and predictable long-term results. In 2020, the risk appetite will be further elaborated, and detailed per risk rather than per risk area.

Tone at the top
The Executive Board and Supervisory Board attach great importance to ethical business operations. Transparent and honest communication is considered a critical success factor for Vastned. In this context, tight risk management is obviously essential, and indeed this is clearly communicated within the company.

Policy and procedures

Vastned has translated the main risk areas and processes into policy and procedures that serve as a framework for acting in accordance with internal and external requirements.

Corporate governance
Corporate Governance is the way in which companies are managed and how the management is supervised. Vastned considers proper corporate governance as one of the leading factors for the successful execution of the strategy. As a listed company Vastned has translated the corporate governance requirements into internal rules and standards. An extensive description of Vastned's corporate governance is presented in the section 'Corporate Governance'.

Code of conduct and associated regulations
The code of conduct is a fundamental document for Vastned. It contains the principles that Vastned considers to be fundamental for the company, for the employees, tenants, financiers, business relations, shareholders, society and the interaction between these stakeholders. The code of conduct aims to make employees aware of fair, ethical and transparent conduct by laying down what is and what is not deemed to be desirable behaviour. In addition to the general code of conduct Vastned has drawn up a regulation on incidents and a whistleblowers' code. These regulations are an extension of the code of conduct and facilitate reporting of (alleged) incidents, anonymously (whistleblowers' code) or otherwise. They describe the steps that are followed when (alleged) incidents are reported. The regulations contribute to ethical awareness within Vastned's company culture.

The text of these regulations and codes may be inspected on Vastned's website:

www.vastned.com/regulations_and_codes

Risk areas

Below, a description is provided of the main risks to which Vastned is exposed in the execution of its strategy. In addition to these strategic risks, the main financial risks, operational risks and compliance risks are also described.

Strategic risks

The strategic risks relate to the realisation of stable and predictable long-term results, timely anticipation of external events and ensuring that possibilities to increase the share of assets in selected European cities with a historic city centre are not restricted.

Stable and predictable results
The objective of Vastned's strategy is to generate stable and predictable long-term results. There is a general strategic risk that the choice of investment country, type of investment, relative size and time of investment do not lead to stable and predictable results. To mitigate this risk, Vastned only invests in the best retail assets in the popular high streets of a selected number of cities.

Additionally, Vastned follows a diligent acquisition procedure in which it must be clear for every property how it fits into the portfolio and how it will contribute to the long-term results. The present portfolio is under constant scrutiny and properties that no longer fit the Vastned profile are sold when possible. On page 54 an extensive overview is presented of the acquisitions made in 2019.

In order to generate stable and predictable results, a strategic choice has been made for a conservative financing strategy, which aims to limit loan capital financing to between 35% and 45% of the market value of the property portfolio. In principle, no more than a third of the loan portfolio will have a floating interest rate. In 2019, loan capital financing remained between 35% and 45% throughout the year, and came to 41.6% on 31 December 2019 (see page 60). 22.1% of the loan portfolio had a floating interest rate as at 31 December 2019 (see page 60).

External factors
One strategic risk is that Vastned would be unable to adequately respond to external factors. There is an inherent risk that the choice of investment country, investment type and the relative size and time of investment is influenced by external factors such as changes in inflation, currency fluctuations, consumer spending, tenancy legislation and permit policies. This may impact the expected rent developments and demand for retail locations and as a result the value development of the investments. External developments are followed closely in the annual strategy sessions and by monitoring developments as they happen, which enables us to respond quickly and adequately.

There has not been any reason in 2019 to adjust the strategy due to external factors.

Growth opportunities
As a listed company, Vastned wishes to realise an attractive return for its shareholders. Vastned has the ambition to grow the clusters in a selected number of bigger European cities. There is a risk that limited availability of suitable retail property hampers growth of the clusters. This risk is explicitly part of the strategy discussions and the business plan that has been detailed by the Executive Board and is being coordinated with the Supervisory Board. Progress on the execution of the strategy and the business plan is evaluated quarterly in consultation with the Supervisory Board (see page 94).

Operational risks

Operational risks are risks that arise from possibly inadequate processes, people, systems and/or (external) events. The main operational risks for Vastned are related to the quality of the staff and advisers, the execution of transactions, the quality of the property valuations, cost control, control of the IT environment, and catastrophes.

Quality of employees and advisers
Having the right organisation was defined as one of the three pillars of the strategy. Vastned strives for an open and inclusive culture. Recruiting and retaining the right employees is therefore of the greatest importance for Vastned. However, the size of the organisation, labour market scarcity, scarcity of qualified staff and geographical location may impede recruitment of the right employees. Working with inadequately qualified employees may hamper realising the strategic objectives. The same applies to selecting the right advisers.

Vastned mitigates this risk through a proactive HR policy that contains standards for the appointment, training, evaluation and remuneration of employees.
The Executive Board annually evaluates the HR policy and its implementation within Vastned for suitability and attractiveness in relation to Vastned's strategy. The HR policy is part of the risk and control framework and is discussed with the Supervisory Board every year.

In 2019, Vastned has been able to fill the positions that became vacant by appointing good quality employees.

Furthermore, Vastned works exclusively with internationally and nationally reputed advisers that have proven experience in the area for which they are engaged. Therefore, price is not a decisive factor for choosing one adviser over another.

Execution of transactions
Transactions involve various risks, such as risks arising from transactions and (external) events, incorrectly performed (divestment or) investment analyses and risk that a property due to its nature and location and/or tenant quality cannot be leased at the projected rent (resulting in vacancy) or that the rent cannot be collected.

Possible consequences of incomplete control of these risks are: incorrect assessment of the risk return profile, late investment or divestment, a negative impact on (future) net rental income inter alia as a result of vacancy and associated service charges that cannot be charged on, and unexpected negative value movements resulting in lower (than expected) direct and indirect results.

Vastned has careful acquisition and divestment procedures to mitigate the risks listed above, which consist of:

- An extensive due diligence investigation to assess the commercial, financial, legal, construction and tax aspects using a standardised due diligence checklist;
- Involvement of various disciplines in acquisitions and divestments;
- A standard format for investment and divestment proposals; and
- Internal authorisation procedures comprising that investments and divestments exceeding € 25 million are subject to Supervisory Board approval.

Quality of the property valuations
There is an inherent risk that the properties in Vastned's portfolio are incorrectly valued. This may result in a lower indirect result, reputation damage and potential claims for making misleading statements to stakeholders. This risk is mitigated by preparing all property valuations in accordance with an internal appraisal policy and executed by internationally reputed external appraisers, who are rotated every three years. In these appraisals, the bigger properties with an expected value of at least € 2.5 million are appraised every six months by internationally reputed appraisers, except in Belgium, where valuations take place quarterly. Smaller properties (< € 2.5 million) are appraised externally once a year.

Cost control
An unexpected rise of the operating expenses, general expenses or having to make unexpected additional investments can potentially lead to an incorrect assessment of the risk return profile and to a lower direct and indirect result. For this reason, Vastned has extensive procedures in place for budgeting and maintenance forecasts. In addition, there are authorisation procedures for entering into maintenance and investment obligations, and periodically reports (realisation – budget analysis) are drawn up and discussed within the Management Team and with the Supervisory Board.

In 2019, the operating expenses and general expenses came in under budget. Nor was there any need for unexpected additional investments.

Control of the IT environment
Effective control of the risks associated with the functioning and security of the internal IT infrastructure is of vital importance for Vastned. The impact of incomplete control of IT risks may include not being able to report promptly or correctly internally or externally, loss of relevant information (including personal data), unauthorised access to information by third parties (including personal data) and reputation damage.

Vastned mitigates this risk by putting in place internal procedures aimed at access security, backup and recovery procedures, periodic checks by external experts, digitisation of key documents, and hiring external knowledge and experience for a continuous update of developments in the area of IT.

No IT related incidents took place in 2019 that impacted business operations in any way.

Catastrophe risk
The catastrophe risk is the risk that a catastrophe causes extensive damage to one or more properties with the potential consequence of loss of rent, a lower direct and indirect result, and claims and legal proceedings from tenants. Vastned is insured on conditions as customary in the industry for damage to property, liability and loss of rent during the period until the property is rebuilt and relet.

No catastrophes took place in 2019.

Financial risks

The main financial risks are related to the company's liquidity, the financing market (both the (re)financing risk and the interest rate risk), debtors and financial reporting.

Liquidity risk
The liquidity risk is the risk that insufficient resources are available for daily payment obligations. The potential impact is that reputation damage is sustained or that additional financing costs must be incurred, which may result in a lower direct result. The treasurer monitors the cash flow policy and prepares daily cash flow forecasts. The principles of the cash flow policy are laid down in the treasury regulations, which are periodically reviewed by the treasurer and the Executive Board and approved by the Supervisory Board.

In 2019, no incidents occurred related to liquidity.

Financing market risks
The risks comprised under financing market risks are the (re)financing risk and the interest rate risk. The (re) financing risk is the risk that not enough equity or (long-term) loan capital can be attracted, or that loan covenants are breached, creating a situation in which there is not enough financing room for investments, in which the company is forced to divest assets or financing costs increase, which may potentially lead to a lower direct and indirect result and reputation damage.

Interest rate risks are caused by interest rate fluctuations that may result in rising financing costs, leading to a lower direct result.

In order to mitigate the above risks, Vastned has put in place the following control measures:

- Limiting loan capital financing to a maximum of 45% of the market value of the property;
- Limiting the share of short-term loans to 25% of the loan portfolio;
- The company strives to spread its financing over multiple banks and other sources, such as private bond placements. The share of non-bank financing must be over 25%;
- No more than a third of the loan portfolio has a floating interest rate;
- Internal monitoring by means of periodic internal financial reports, which include sensitivity analyses, financing ratios, development of loan covenants and financing room and internal procedures such as those laid down in the treasury regulations; and
- Periodic board consultations on this matter and discussion of these reports with the audit and compliance committee and the Supervisory Board.

In 2019, Vastned succeeded in realising all refinancings at acceptable conditions. Vastned also complied with all bank covenants and the internal control measures were followed at all times (see page 60).

Debtor risk
The debtor risk relates to loss of rental income due to payment defaults and bankruptcies, leading to a lower than expected direct and indirect result. To mitigate the debtor risk, Vastned screens tenants before concluding leases. In addition, the financial position and payment behaviour of tenants are monitored through periodic meetings with tenants and examination of external sources. Tenants must also provide bank guarantees and/or make guarantee deposits. Vastned holds quarterly debtor meetings, in which decisions are made on provisions for doubtful debtors. The Executive Board monitors the debtor lists monthly.

Reporting risk
The reporting risk relates to the impact of incorrect, incomplete or late provision of information for internal decision-making or that of external parties, such as shareholders, banks and regulators, which may lead to reputation damage and potential claims for making misleading statements to stakeholders.

Vastned has a solid system of internal control measures and administrative organisational measures in place. These provide key checks and balances with respect to financial reports, such as:

- Involvement of different disciplines in the preparation of reports and proposals for investments and divestments;
- Budgeting, quarterly updated prognoses and analyses of financial results;
- Appraisal procedures (independent external appraisers who are frequently rotated, internal IRR analyses and use of internationally accepted appraisal guidelines);
- Periodic business report meetings in which the reports on the operational activities are discussed in detail with the country managers;
- Group instruction on accounting principles and reporting data, as well as internal training in the area of IFRS and other standards;
- Periodic Executive Board meetings on the findings of external audits; and
- Discussion of the findings of external audits with the audit and compliance committee and the Supervisory Board.

Compliance risks

Compliance risks are risks related to failing to comply or inadequately complying with tax and other laws and regulations or unethical conduct with the potential consequences of reputation damage, tax and legal claims and proceedings or loss of tax status, leading to a lower direct and indirect result. Effective control of compliance risks is of crucial importance for a property company such as Vastned in view of the traditional general conduct risk in the property sector.

In 2019, no material events occurred regarding compliance.

Tax laws and regulations risk

Tax risks relate to failing to comply or inadequately complying with tax laws and regulations, incorrect assessment of tax exposure or unethical conduct with the potential consequences of reputation damage, tax claims and proceedings and loss of REIT tax status, leading to a lower direct and indirect result.

Vastned has an internal tax policy in which the risk appetite and the general principles on tax are laid down. Control measures and administrative organisational measures have been put in place in various areas of taxation. Internal procedures comprise:

- evaluation of contractual commitments by internal and, where necessary, external tax lawyers;
- providing employees with relevant technical training;
- continuous monitoring of the conditions for the application of the tax regime, including financing ratios, mandatory dividend distributions and the composition of the shareholder base, by internal and external tax experts;
- careful analysis of tax risks involved in acquisitions and divestments, including turnover tax, transfer tax, deferred tax liabilities and related issues.

In 2019, no material events occurred regarding tax issues. The Dutch government has announced, however, that it will investigate whether a focused adjustment of the FII regime might be possible over time, with an evaluation and possibly a change in policy and/or regulations in 2021.

Laws and regulations / Codes and regulations

As described above, Vastned has various legal regulations in place. Deviations from the code of conduct and unethical behaviour may result in reputation damage and claims and legal proceedings, leading to higher costs and a lower direct result.

Vastned has internal procedures and training in place aimed at keeping knowledge of laws and regulations up to date. Compliance with the code of conduct is discussed with staff members at least once a year and staff members are explicitly asked to confirm that they have complied with the code of conduct.

In 2019, no material events occurred regarding the code of conduct.

Third parties and conflicting interests

Insufficient knowledge of tenants, sellers, buyers or parties acting on Vastned's instructions bears the risk that business is done with persons who harm Vastned's reputation. In addition, conflicts of interest of and between employees and third parties may give rise to reputation damage, claims and legal proceedings, leading to higher costs which may lower the direct result.

As part of the due diligence process, third parties must be screened in accordance with an internal customer due diligence policy. The findings will be included in the due diligence report for the Executive Board to base its decisions on. Conflicts of interest are included in the general code of conduct (see Code of conduct and associated regulations).

Risk and control framework

The overall risk and control framework is subdivided into four risk areas: strategic, operational, financial and compliance risks. The framework identifies the probability that a risk occurs along with its potential impact. Finally, an owner has been appointed for each risk who is responsible for the implementation of control measures.

The Executive Board annually carries out an analysis of the potential risks to the realisation of the strategic and other objectives. This analysis forms part of the annual business plan and is discussed with the Supervisory Board. Based on the outcome of the discussions with the Supervisory Board, the risk and control framework is adjusted annually.

Every quarter, the Supervisory Board is updated on the progress of the control of the improvement measures based on a dashboard.

Supplementary to the risk and control framework, fraud risk factors have also been assessed. The identified fraud risks relate to the following risk areas:

- Quality of employees and advisers;
- Execution of transactions;
- Quality of the property valuations;
- Cost control;
- Control of the IT environment;
- Reporting risks; and
- Third parties and conflicting interests.

Vastned consider the measures taken to control the risks mentioned above as sufficient and adequate to control any fraud risks.

Monitoring and audits

Monitoring

In 2019, the control measures implemented within Vastned were audited again and fully updated. This did not highlight any material findings, but a number of adjustments were made to the control system in the context of further streamlining of internal processes.

As indicated, Vastned also has procedures in place to report incidents, either anonymously or otherwise. No incidents were reported in 2019.

Audits

Every year the audit and compliance committee discusses how the internal audit function within Vastned should be given shape.

The internal audit function has been subcontracted to BDO Consultants BV since 2016. In 2018, BDO Consultants BV was instructed to perform the internal audit from 2019 up to and including 2021.

BDO Consultants BV carries out random checks on the functioning of the various internal procedures in the countries where Vastned is active.

In addition, finance and accountancy specialists from head office visit every country team at least twice a year.

Representation letters

At least once a year, the country managers sign a representation letter, in which they state that to the best of their knowledge:

- They have taken all reasonable measures to ensure that both they and their subordinates have complied with Vastned's code of the conduct and administrative organisational procedures and that there are no conflicts in this area;
- The system of intern controls functions adequately and effectively;
- The reports and financial accounts fully, fairly and accurately reflect the transactions and do not contain any material misstatements or are misleading in any other way;
- They have brought all events that may materially impact the financial statements to the attention of the Executive Board and that these have been included in the reports;
- That all contractual obligations that may impact present and future activities have been complied with;
- There are no claims that have not yet been brought of which their lawyer has advised them that they might be justified and should be explained;
- That the country organisation in no way provided loans or guarantees to employees or their families; and
- There have not been any events after balance sheet date that require adjustment of or explanation in the financial statements.

Sensitivity analysis

The table below sets out the sensitivity of the direct result, the indirect result and the loan-to-value ratio to a number of external conditions and variables, based on the position at year-end 2019 (ceteris paribus).

Movement	Effect
100 basis point interest rate increase	Direct result per share € 0.02 down
25 basis point increase of net initial yield used in appraisals	Indirect result per share € 5.00 down, loan-to-value ratio 263 basis points negative
100 basis point decrease of the occupancy rate	Direct result per share € 0.03 down

Responsibility statement

In line with best-practice provision 1.4.3 of the Dutch Corporate Governance Code and Section 5.25c of the Financial Supervision Act, the Executive Board states that to the best of its knowledge:

- The consolidated financial statements give a true and fair view of the assets and liabilities, the financial position and the result of Vastned and its consolidated subsidiaries;
- The Report of the Executive Board gives a true and fair view of the state of affairs at the balance sheet date and during the financial year 2019 of Vastned and its affiliated companies whose figures have been included in its annual financial statements, and that the material risks facing the issuing institution are described in the report of the Executive Board;
- The Report gives sufficient insight into shortcomings in the functioning of the internal risk management and control systems (see pages 77 to 84);
- These systems give a reasonable degree of certainty that the financial reporting does not contain any material inaccuracies (see pages 77 to 84);
- Based on the current state of affairs it is justified that the financial reporting has been drawn up on a going concern basis (see pages 125 to 193 of the chapter Financial Statements); and
- The material risks and uncertainties have been described in the Report of the Executive Board that are relevant to the anticipation of the continuity of the Company for a period of twelve months after the preparation of the report (see page 79 and following).

Amsterdam, 11 February 2020

The Executive Board of Vastned Retail N.V.
Taco de Groot, CEO
Reinier Walta, CFO

PARIS

• Rue des Rosiers, Paris

Around 1890

© Getty Images

• Rue des Rosiers, Paris

One district Napoleon left virtually untouched: Le Marais

'You will have plenty to tell those folks in Holland of what you see in Paris,' Vincent van Gogh wrote in 1888 in a letter to his fellow painter Arnold Koning on the eve of the Belle Epoque, the period in which Paris made its name as the hub of art and culture.

In 52 BC the Romans captured Lutetia from the Parisii Gallic tribe, and started to develop it with great panache. They built villas, temples, baths and an amphitheatre on the right bank of the Seine. In the fourth century AD emperor Julianus built a palace on the Ile de la Cité.

Trading centre and river sellers

Commercial traffic on the Seine began to grow. Bridges were built to connect both river banks. Bridges functioned as staging posts, entry gates, meeting and trading places and as residential areas. In the 12th century the Paris population numbered some 50,000. Its growth and prosperity were also due to the foundation of the Sorbonne University, the Sainte-Chapelle church and the Louvre castle. Paris became France's foremost commercial centre. River sellers did business on behalf of Louis VII and checked the freight on the Seine. Commerce was focused on the quay on Place de Grève (now Place Hôtel de Ville). Department stores, the stock exchange and banks are still based in this area. The other bank of the Seine represented scholarship and faith, with churches and the Sorbonne. Many people who graduated from the Sorbonne went on to become famous, for example author Honoré de Balzac, writer and statesman Victor Hugo and poets Osip Mandelstam and Marina Tsvetaeva.

Milestone: population reaches half a million

After the one hundred years' war with England Paris lay in ruins, the population halved. It took the city two centuries to recover from the catastrophe, partly due to a succession of unstable rulers. Not before the 16th and 17th century did the city return to calmer waters led by the powerful Bourbons. Paris welcomed its 500,000th resident. The first uninhabited stone bridge, Pont Neuf, was built in 1604. Artisans plied their trade on the empty bridges. This is how the bouquinistes emerged, book sellers who could not afford a shop. The green book stalls still feature on the left bank of the Seine. Back in the day there used to be 64 stands, now there are 240 with nine hundred spots.

Foremost European city

Louis XIV, the Sun King, turned Paris into one of the most important cities in Europe. He moved the royal court to Versailles. During the revolution, his descendent Louis XVI died on the guillotine at Place de la Concorde. A new age dawned with the flamboyant Napoleon Bonaparte. Present-day Paris began to take shape: fifteen more bridges were built and high quay walls constructed. In order to ease traffic on the river, the Canal St Martin was dug through four arrondissements. Baron Hausmann moved many Parisians to the new banlieues in order to convert the workers' districts within the city walls into boulevards and avenues. The population increased to over two million including the new districts beyond the city walls.

>>>

• Rue Vieille du Temple, Paris

© Getty Images

1931

2019

Expats and artists

In spite of the restive political situation in the 19th century Paris attracted people from all over Europe, ranging from tourists to expats, doctors and lawyers to artisans, gardeners and tanners. In 1858, the English designer Charles Frederick Worth opened the first haute couture business. He inspired Parisian designers like Jeanne Lanvin and Madeleine Vionnet and many others to follow in his footsteps. An astonishing number of artists travelled to Paris to study with the established artists. Paris offers many career opportunities, and various arts developed at breakneck speed. The best art schools were in Paris, as well as the best medical schools. The Muséum d'Histoire Naturelle in 1850 contained the most famous school for scientists and botanists. And the emerging art trade was important for artists. Modigliani, Mondrian and Breitner made merry with a young Picasso. Artists crowded the Montmartre district with its many studios. Paris was a hive of activity.

Literary cafés

World expos, the building of the Eiffel tower, the Summer Olympics and the first metro line hauled the city into the 20th century, which at that time already had nearly three million residents. The Moulin Rouge and other cabarets are famous throughout Europe. The well-known promenades along the Seine were laid out. After WWII Paris became a breeding ground for a new generation of artists from Denmark, Belgium and the Netherlands, such as Appel, Corneille and Alechinsky. They were members of the experimental Cobra movement, which was founded in Café Notre-Dame. In such literary cafés philosophers, writers and artists met. The famous Café de Flore was the home away from home of people like Georges Bataille, Léon-Paul Fargue, Pablo Picasso, Jean-Paul Sartre, Albert Camus and Simone de Beauvoir. But in the 1950s the bustling and creative Paris faced serious competition from the art scene in New York. The battle for number one took off.

Paris in 2020

The atmosphere, the night life, the diversity of shops, art and museums, haute couture, all the city lights bring millions of tourists to downtown Paris. The city has 160 nationalities, of which Moroccans and Algerians in the banlieues from the former colonies dominate. There are countless restaurants, cafés and brasseries, because Parisians love eating out. The city is characterised by boulevards and avenues. But there was one district that Napoleon did not rebuild: Le Marais, an originally Jewish quarter with pre-revolutionary buildings and streets that remain untouched. This is where you find exclusive (Jewish) shops, parks and museums. Nowadays, Le Marais is the gay hotspot of Paris.

FACTS & FIGURES

PARIS

Population
2,190,237

First well-known shops
Lafayette, Le Bon Marché, Printemps, Louis Vuitton

Annual number of tourists
40 million

Overnight stays by tourists
> 24 million

Museums
134

Tourists
Day trippers and international

Favourite attractions
The Louvre, Panthéon, the Notre-Dame, Eiffel tower, Arc de Triomphe, Château de Vincennes, Centre Pompidou, Picasso Museum, Opera Garnier, Hôtel de Ville, Hôtel des Invalides, Foundation Louis Vuitton, Musée d'Orsay

Favourite locations
Champs-Élysées, Place Pigalle, Place du Tertre, Le Marais, Sacré-Coeur, Catacomben, Canal Saint Martin, Seine, Jardin du Palais Royal, Père Lachaise, Place des Vosges

Number of shops
60,000

Number of Vastned retail properties
12

First Vastned shop
Rue de Rivoli, first tenant was H&M. This was also Vastned's first retail unit in France, 1998

Biggest tenant Vastned
JD Sports
(Rue de Rivoli 118-120; 2,224 sqm)

Number of Vastned residential properties
9

REPORT OF THE SUPER VISORY BOARD

4

Dear shareholders, tenants, colleagues and other relations,

To execute the strategy the company set out on earlier, Vastned in 2019 again focused on growth in selected cities in Europe by making focused acquisitions of assets that contribute to the objective of creating long-term value for all stakeholders involved in the company. In this context a number of non-strategic assets were divested in 2019. Vastned also made good progress with respect to the second and third pillars of the strategy: organisation and financing. For example, the loan-to-value ratio of 41.6% remained within the desired range, the average interest rate decreased from 2.5% in 2018 to 2.2% in 2019 and the average duration of the long-term loan capital rose from 4.7 years as at 31 December 2018 to 4.9 years as at 31 December 2019.

The Supervisory Board is delighted that Taco de Groot was reappointed as CEO of Vastned for a new four-year term. Since his appointment in 2010, Mr De Groot has achieved important results in the area of improving the quality of the property portfolio and the organisation. The Supervisory Board praised Mr De Groot's leadership qualities and his expertise gained in a long career in the property industry. With the successful implementation of the high street strategy and the streamlining of the organisation, Mr De Groot has made Vastned's results stable and predictable. The Supervisory Board is confident that Mr De Groot will continue to shape and structure the strategy successfully and skilfully going forward, striving for long-term value creation for all stakeholders involved with the business.

A range of subjects were discussed over the course of 2019, a number of which will be addressed below.

Monitoring developments in the retail landscape again received special attention from the Supervisory Board in 2019.

In the context of striving for creating long-term value for shareholders, the share buyback programme started in 2018 was continued and completed in 2019. During the 2019 financial year, a total of 742,616 shares were purchased by the Company.

In the operational area, after the introduction of the Yardi property management system at Vastned Netherlands in 2018, the implementation of this system in France, Belgium and Spain was successfully completed in 2019.

The Supervisory Board has monitored the implementation of regulations aimed at protecting personal data (GDPR).

Furthermore, there was attention for new legislation to implement the amended shareholders' rights directive to promote long-term commitment of shareholders ((EU) 2017/828 'SRD II') (the 'Shareholder Guideline) and the associated changes in the remuneration policy to be put to the Annual General Meeting of shareholders on 16 April 2020.

The Supervisory Board is satisfied with the results achieved in the area of Integrated Reporting, as also demonstrated in the present annual report 2019, which complies with all GRI guidelines to the extent possible.

Other major topics on the agenda of the Supervisory Board were the discussion on the composition of the portfolio, discussing and decision-making on the capital and financing structure, setting and detailing the strategy in consultation with the Executive Board, succession planning, and the risk and control framework.

A detailed account of the policy conducted and the objectives realised by the Company can be found in the Report of the Executive Board on page 47 and following.

Long-term value creation has been fully embedded in Vastned's company culture: the managing directors and supervisory directors take account of sustainability in their decisions and make considered choices on the viability of the strategy in the long term. Attention for long-term value creation and the weighing of the associated interests is therefore one of the recurring spearheads in the Executive Board's policy. Monitoring compliance with this is a recurring topic on the agenda of the Supervisory Board. In the year ahead, the Supervisory Board will ensure that the existing culture of long-term value creation in the company is maintained and promoted.

The appointment of Mr Jaap Blokhuis as a new member of the Supervisory Board is in keeping with this culture. With Mr Blokhuis' many years' experience in the property sector, both in managing and supervisory positions, Vastned is concretely fleshing out its pursuit of long-term value creation for the company. Jaap Blokhuis succeeded Jeroen Hunfeld, who stepped down in the Annual General Meeting of 18 April 2019 due to his reaching the maximum term of office. The Supervisory Board is grateful to Mr Hunfeld for his dedication over the past twelve years as a member of Vastned's Supervisory Board. The Supervisory Board is pleased that the Annual General Meeting on 18 April 2019 approved the proposal to appoint Mr Blokhuis to fill the vacancy created by Mr Hunfeld's departure, for a four-year term, which will end after the Annual General Meeting held in 2023.

In the same meeting the shareholders' meeting approved the reappointment of Charlotte Insigner and Marc van Gelder, chairman, as members of the Supervisory Board, for three and four-year terms respectively. In order to prevent the regular Supervisory Board retirement roster from creating a peak of reappointments in 2023 (three of the four seats) Ms Insinger was willing to be appointed for a three-year term rather than a four-year term. As a result, the proposed new term of office of Ms Insinger will now end after the Annual General Meeting in 2022.

In accordance with the provisions in its Tax Policy, Vastned in 2019 again provided quarterly reports to the Supervisory Board on the execution of the tax policy and complied with all relevant rules regarding transparency in the area of taxation.

In this report, the Supervisory Board accounts for the way it has fulfilled its duties and responsibilities. This report on the 2019 financial year focuses on compliance with the Code.

Members and attendance

Supervisory Board Meetings 2019	Regular: 6	Ad hoc: 5
Marc C. van Gelder c)	6/6	5/5
Charlotte M. Insinger	6/6	5/5
Marieke Bax	5/6	4/5
Jaap G. Blokhuis	6/6*	5/5*
Jeroen B.J.M. Hunfeld**	2/2	0/2

c) chair
* of which two meetings as observer/candidate member
** retired in accordance with retirement roster on 18 April 2019

Other parties attending (parts of) meetings of the Supervisory Board were the CEO, the CFO, the Company Secretary, external auditor EY and internal auditor BDO.

Highlights 2019

- Reappointment CEO
- Share buyback
- Appointment of Jaap Blokhuis
- Reappointment of Marc van Gelder and Charlotte Insinger
- Integrated reporting
- Progress on objectives of 2019-2021 business plan
- Further implementation of sustainability policy

Priorities for 2020

- Further promotion of long-term value creation
- Adjustment of Remuneration policy to comply with new legislation to implement the Shareholder Directive
- Further improving the quality of the organisation

Supervisory Board committees and tasks

The regulations of the Supervisory Board may be downloaded from Vastned's website.

www.vastned.com/regulations_sb

General and working methods

In 2019, the Supervisory Board met eleven times in total. During these meetings, regular recurring subjects were discussed and evaluated, including the financial results and the operational state of affairs, as well as the reporting of these issues in press releases, financings, feedback on legal, tax and compliance related matters and risk management.

During the meetings, the Supervisory Board considered positive and negative developments concerning the business.

Between the regular meetings there was also frequent ad hoc contact between individual members of the Supervisory Board and the members of the Executive Board. The CEO and the chairman of the Supervisory Board periodically discussed recent events and the current state of affairs within the company and spoke to the Executive Board about them .

The chairman of the audit and compliance committee also had extensive contact with the CFO. Members of the Supervisory Board visited several of Vastned's retail locations both in the Netherlands and abroad (including a working visit to Utrecht) and talked to various members of staff.

The Supervisory Board is supported by the Company Secretary. Her duties include: (i) ensuring and monitoring that the right procedures are followed and the statutory obligations and the obligations under the articles of association are observed at all times; (ii) aiding the information provision to the Executive Board and the Supervisory Board; and (iii) assisting the chairman of the Supervisory Board with the organisation of the Supervisory Board including information provision, the agenda of meetings, evaluations and training programmes.

Notes on agenda items and other information

Business plan

Every year, the Supervisory Board discusses the business plan for the next three years with the Executive Board, including a detailed financial plan, and subsequently approves it. Progress on the targets set in the business plan and progress on the strategy are monitored at least quarterly. The Supervisory Board notes that the Executive Board in 2019 realised excellent results in the execution of the business plan.

Progress was also made on entrepreneurship and raising the quality in the organisation, inter alia by the implementation of a new property management system in the countries where Vastned is active, implementing personnel changes and attracting new employees, encouraging personal development through education and training, and promoting internal knowledge sharing, also between the various countries where Vastned is active.

Evaluation of Executive Board

In late 2019, the Supervisory Board carried out an extensive evaluation of the Executive Board based on 360-degree feedback from investors, analysts, staff, members of the Management Team and country managers. The findings of this evaluation were positive.

Annual figures 2018 and management letter 2019

During 2019 the results of the 2018 financial year and the 2018 financial statements were discussed. At the end of 2019, EY's management letter for 2019 was discussed with the Supervisory Board. No issues were raised in the management letter that warrant mention in this report.

(Re)appointments to the Executive Board and the Supervisory Board

In 2019, Taco de Groot was reappointed as CEO for a third four-year term. In the same meeting the shareholders' meeting approved the reappointment of Charlotte Insigner and Marc van Gelder, chairman, to the Supervisory Board, for three and four-year terms respectively. In order to prevent the regular Supervisory Board retirement roster from creating a peak of reappointments in 2023 (three of the four seats) Ms Insinger was willing to be appointed for a three-year term rather than a four-year term. As a result, the proposed new term of office of Ms Insinger will now end after the Annual General Meeting in 2022. On 18 April 2019 Mr Jaap Blokhuis was appointed to the Supervisory Board for a four-year term to fill the vacancy created by Mr Hunfeld's retirement.

Risk management

The company's risk management and risk appetite are key issues for the Supervisory Board. For this reason, during all regular meetings attention was devoted to the main risks involved in the business operations of the company based on the risk and control framework that was implemented in 2016 and regularly updated since. In 2019, the risk and control framework was updated once again. The setup and functioning of the corresponding internal risk management and control systems were also periodically evaluated and discussed with the Supervisory Board. Risks were discussed in the areas of the valuation process, interest and financing, maintaining rent levels, occupancy rate and debtors (reported in more detail in the chapter Risk Management).

Evaluation of external auditor

The chairman of the Supervisory Board and the chair of the audit and compliance committee consult at least once a year with the external auditor about his performance. In the opinion of the Supervisory Board the collaboration with Ernst & Young (EY) was satisfactory during the 2019 financial year.

Investor Relations activities

Throughout the year, the Supervisory Board received detailed information on investor relations. Updates were given in several meetings, and reports on Vastned by several analysts were sent to the Supervisory Board promptly. Vastned regularly asks different analysts and investors for their opinion of Vastned's performance in a survey conducted anonymously by an external party. The report based on the survey is shared and discussed with the Supervisory Board. This information ensures that the Supervisory Board keeps abreast of the focus of shareholders and analysts. In all regular meetings updates were provided on Vastned's performance development compared to the peer group.

Relationship with shareholders

The Supervisory Board believes that contact between the Supervisory Board and shareholders should primarily take place in shareholders' meetings. Still, the Supervisory Board feels that contacts between the Company and shareholders outside shareholders' meetings may be important, both to the Company and to shareholders; of course the applicable legal restrictions must be observed. In some cases, one or more members of the Supervisory Board may also attend. On certain issues, e.g. remuneration, the Supervisory Board itself will initiate contacts with shareholders outside the Annual General Meeting.

Permanent education and induction

Members of the Supervisory Board take training courses on all topics relevant to exercising supervision. The need for training is evaluated annually. Based on this evaluation a training plan is drawn up every year. Throughout 2019, the Supervisory Board explored current international developments, also by inviting leading external experts, in international capital markets, the development of the interest rate, property markets and retail developments and discussed the impact of these developments on Vastned with the Executive Board. Additionally, the Supervisory Board is informed by Vastned about national and international property developments on a regular basis and frequently on developments in the area of corporate governance. In the context of permanent education, several members of the Supervisory Board took course modules, including on Corporate Governance, risk management and reporting/compliance, privacy (GDPR), and property valuation.

Self-evaluation by the Supervisory Board

The Supervisory Board annually conducts an in-depth evaluation of its own performance; every three years an external party is brought in to do so. An extensive self-evaluation was performed in this context of and by the members of the Supervisory Board, led by independent executive adviser Mr P. Nobelen PhD.
In the run-up to this meeting, Mr Nobelen held discussions with members of the Supervisory Board, the Executive Board and the Company Secretary. This raised a number of themes and issues, including the importance of effective communication. These issues were discussed openly during the self-evaluation meetings and addressed in a practical way. Furthermore, follow-up meetings were planned to apply the findings to the (working methods of) the Supervisory Board also in a more permanent manner. In this, both the internal relations within the body itself and the relationship with the Executive Board and other relevant stakeholders were addressed.
The self-evaluation, which the members of the Supervisory Board felt was very fruitful, aims to contribute to the effectiveness and decisiveness of the Board as a supervisory body of the Company and to the creation of long-term value for all stakeholders of the company.

Report of the audit and compliance committee

Members and attendance

Audit and compliance committee meetings 2019	Regular: 4	Ad hoc: 0
Charlotte M. Insinger c)	4/4	0/0
Jaap G. Blokhuis	4/4*	0/0
Jeroen B.J.M. Hunfeld**	4/4	0/0

c) chair
* of which once as observer/candidate member
** retired in accordance with retirement roster on 18 April 2019

As of 31 December 2019, the audit and compliance committee has two members, Charlotte Insinger (chair) and Jaap Blokhuis.

Charlotte Insinger may be qualified as a financial expert within the meaning of the Code.

Other parties attending (parts of) meetings of the audit and compliance committee were the CFO, the CEO, the Company Secretary, members of the Supervisory Board, external auditor EY and internal auditor BDO.

Highlights 2019

- Integrated reporting
- Monitoring of CSR objectives
- Monitoring of implementation of new property management system Yardi in France, Belgium and Spain
- Monitoring of risk and control framework
- Monitoring of impact of IFRS revisions

Priorities for 2020

- Monitoring of risk and control framework
- Further implementation of Yardi
- Evaluation of internal audit plan for 2020 and drafting of Internal audit plan for 2021
- Monitoring of impact of IFRS revisions

Duties

The audit and compliance committee is charged with supervising the Executive Board in particular on financial issues and with providing advice in this area to the Supervisory Board. The committee supervises inter alia:

- The financial reporting process;
- The statutory audit of the (consolidated) financial statements;
- The risk management of the Company; and
- Compliance with laws and regulations and the functioning of codes of conduct.

The audit and compliance committee reports quarterly on its deliberations and findings to the Supervisory Board. It reports to the Supervisory Board at least once a year on developments in the relationship with the external auditor. Once every four years, the performance of the external auditor is assessed. The regulations of the audit and compliance committee may be downloaded from Vastned's website.

www.vastned.com/regulations_ac

Notes on the agenda items and other information

The audit and compliance committee met four times in 2019. During the reporting year, one meeting was held with EY in the absence of the Executive Board. The committee also frequently consulted outside meetings, both internally and with the Executive Board. In the various meetings many regular topics were discussed in detail, including:

- The 2018 annual financial statements;
- The (interim) financial reporting for the 2019 financial year;
- Various developments in IFRS, including the impact of IFRS 9 and IFRS 15 and IFRS 16;
- Letting risks;
- Financing, interest rate management and the company's liquidity;
- Insurance issues;
- Catastrophe and liability risks;
- The company's tax and legal position;
- Internal control and the administrative organisation;
- Integrity, publicity risks and shareholder requests;
- Compliance;
- IT risks;
- Implementation of Yardi in France, Belgium and Spain;
- Compliance with other relevant laws and regulations, including the GDPR and the Code;
- Risk management.

Internal audit function

Annually, the audit and compliance committee discusses how the internal audit function is set up. In 2018, BDO Advisory BV (BDO) was engaged as Vastned's internal auditor for three-year term. The internal audit function is the responsibility of the CFO; its objective is to test whether the setup, existence and functioning of the internal control measures as described in Vastned's risk and control framework are effective. In 2019, BDO has issued various reports on the following subjects: (i) the implementation of a new property management system (Yardi) at Vastned France in 2018/2019; (ii) the implementation of the GDPR at Vastned Netherlands; (iii) Vastned's financial reporting process and (iv) the final report on a follow-up audit with reference to the audits conducted in 2018. The reports referred to did not contain any significant findings and therefore did not give cause for any noteworthy statements. An Internal Audit Plan has been drawn up for 2020 and approved by the Supervisory Board.

Report of the remuneration and nomination committee

Members and attendance

R&N meetings 2019	Regular: 3	Ad hoc: 0
Marieke Bax c)	3/3	0/0
Marc C. van Gelder	3/3	0/0

c) chair

The remuneration and nomination committee has two members: Marieke Bax (chair) and Marc van Gelder.

The Company Secretary took minutes during the meetings of the remuneration and nomination committee. Jaap Blokhuis has attended two meetings of the remuneration and nomination committee as an observer.

Highlights 2019

- Reappointment CEO
- Monitoring Business Health Test as part of LTI
- Monitoring new HR staff assessment system
- Execution of 360-degree evaluation of Executive Board
- Determination of LTI for the period 2016-2018
- Determination of STI for 2019
- Preparation of implementation of amended Shareholders' Rights Directive

Priorities for 2020

- Adjustment of Remuneration policy to comply with new legislation to implement the Shareholders' Rights Directive
- Monitoring Business Health Test as part of LTI
- Monitoring new HR staff assessment system
- Execution of 360-degree evaluation of Executive Board

Duties

The duties of the remuneration and nomination committee include:

- Preparation of the decision-making on recruitment and selection including drawing up selection and appointment criteria;
- Periodic evaluation of the members of the Executive Board and the Supervisory Board;
- Periodic evaluation of the size of the Supervisory Board;
- Preparation of the decision-making on the remuneration policy for the Executive Board and the Supervisory Board; and
- Annual accounting for the remuneration policy conducted in the remuneration report and putting it to the Annual General Meeting for an advisory vote.

The regulations of the remuneration and nomination committee may be downloaded from Vastned's website.

www.vastned.com/regulations_rn

Notes on agenda items and other information

The remuneration and nomination met three times in 2019. The committee also consulted regularly outside meetings, and in late 2019 it carried out an extensive evaluation of the two members of the Executive Board based on feedback gained from extensive interviews.

Furthermore, there has been extensive consultation with external advisers in order to comply with new legislation to implement the EU's amended shareholders' rights directive to promote long-term commitment of shareholders ((EU) 2017/828 'SRD II') and the associated changes in the remuneration policy to be put to the Annual General Meeting of shareholders on 16 April 2020.

Other important meeting topics were:

- Preparation of the remuneration report and placing it on the agenda of the Annual General Meeting, as well as reporting to the AGM;
- Monitoring of the remuneration policy for the Executive Board;
- Monitoring of applicable laws and legislation, including the Code, and as necessary translating changes therein to the remuneration and nomination of the members of the Executive Board and the Supervisory Board;
- Determining the realisation of the targets for the variable short-term incentive of the Executive Board in 2019 and setting targets for 2020.

Profile of the Supervisory Board and diversity

The profile of the Supervisory Board ensures that its composition is appropriate. The full text of the profile is available on Vastned's website. On page 230 of the annual report the personal details of each of the members of the Supervisory Board are set out, to which reference is made here. The Supervisory Board is of the opinion that a mixed make-up of the Supervisory Board and the Executive Board in terms of gender, age, expertise, national and international work experience and background can contribute to the effective functioning of these bodies. Vastned aims for the Supervisory Board and the Executive Board to be at least 30% female and at least 30% male.

The Supervisory Board concludes that the Supervisory Board and the Executive Board in their present composition are a good mix in terms of age, expertise, national and international experience and background. The Supervisory Board is informed regularly by the Executive Board about developments in property in the Netherlands and abroad. The Supervisory Board also closely followed relevant developments in a broader perspective, inter alia by taking course modules on Corporate Governance, risk management and reporting/compliance, privacy (GDPR) and property valuation.

At year-end 2019, the Supervisory Board was 50% female, which is in accordance with the objectives. The Executive Board, made up of two persons, was all male at year-end 2019, so it does not have the appropriate balanced composition. In new appointments to the Executive Board this aspect will be taken into account.

The diversity profile for the Supervisory Board including specific expertise is set out below.

	Year of birth	Gender	International experience	Management experience	Property	Finance & investments	Retail marketing	Social/governance	Communication
Marc C. van Gelder	1961	M	X	X		X	X		X
Charlotte M. Insinger	1965	V	X	X	X	X			
Marieke Bax	1961	V	X	X		X	X	X	
Jaap G. Blokhuis	1958	M	X	X	X	X			
Jeroen B.J.M Hunfeld*	1950	M	X	X			X		X

*retired in accordance with retirement roster on 18 April 2019.

Vastned's full diversity policy may be downloaded from Vastned's website.

www.vastned.com/regulations_and_codes

Remuneration report

The Remuneration Report over 2019 for the Executive Board and the Supervisory Board in included from page 107 of the Annual Report and may also be downloaded from the company's website.

www.vastned.com/remuneration_report

The remuneration report for 2019 will be put to the Annual General Meeting on 16 April 2020 for an advisory vote.

Annual financial statements 2019 and dividend

Annual accounts

The Supervisory Board is pleased to present the annual report of Vastned Retail N.V. for the 2019 financial year, as prepared by the Executive Board. The financial statements have been audited by Ernst & Young Accountants LLP, which issued an unqualified audit opinion. In accordance with the proposal of the Executive Board and the recommendations of the audit and compliance committee, the Supervisory Board advises the Annual General Meeting on 16 April 2020 to:

1) Adopt the financial statements for the 2019 financial year in the form as presented in accordance with Article 27 of the Articles of Association the Company;
2) Grant discharge to the members of the Executive Board for the performance of their duties in the 2019 financial year;
3) Grant discharge to the members of the Supervisory Board for the performance of their duties during the 2019 financial year.

Dividend policy

Vastned's dividend policy is to distribute at least 75% of the direct investment result per share as dividend. In principle, stock dividend will not be distributed. After the conclusion of the first half year, an interim dividend is distributed of 60% of the direct investment result per share from the first half year.

Dividend proposal

The Supervisory Board is in agreement with the Executive Board's proposal to distribute a dividend for the 2019 financial year of € 2.05 per share in cash. Taking the interim dividend of € 0.58 distributed on 20 August 2019 into account, a final dividend will be declared of € 1.47 per share.

Acknowledgements

The Supervisory Board wishes to express its gratitude to the shareholders and other stakeholders for their confidence in Vastned. The Supervisory Board would like to take this opportunity to thank the Executive Board and all Vastned employees for their dedication over the past reporting year.

Amsterdam, 11 February 2020

The Supervisory Board of Vastned Retail N.V.

Marc C. van Gelder, chairman
Charlotte M. Insinger
Marieke Bax
Jaap G. Blokhuis

• Zonnestraat 6-8, Ghent

REMUNERATION REPORT 2019

5

Remuneration report 2019

This remuneration report 2019 is comprised of two parts. The first part contains information on the remuneration awarded to the members of the Executive Board in 2019. The second part contains information on the remuneration awarded to the members of the Supervisory Board in 2019.

1. Remuneration of the Executive Board in 2019

Executive Board Remuneration Policy

Vastned's current Executive Board Remuneration Policy was adopted by the Annual General Meeting of shareholders on 19 April 2018 and took retrospective effect as of 1 January 2018. The full text of the Remuneration Policy is available on Vastned's website:

www.vastned.com/remuneration_policy

In formulating the Remuneration Policy and its execution the objectives of the strategy to realise long-term value creation were taken into account (see also the chapter Long-term value creation in the 2019 annual report).

The Remuneration Policy further took account of Vastned's identity, mission and values and public support, by shaping the policy and its implementation in such a way that the members of the Executive Board receive remuneration that is in line with Vastned's identity as a European listed property company whose main focus is to create long-term value for all stakeholders in the company. In this, special attention has been given to the social context and the society that Vastned is part of, taking account of the business' necessary competitiveness. The principle for this is that the total remuneration of the Executive Board, also in view of the weight of the position and the responsibilities associated with a listed property company, must at all times be in reasonable proportion to the salaries and employment conditions of Vastned's employees and must be in line with the pay ratios that are in effect within the company. The reasonableness of the pay ratios within Vastned is continuously monitored based on benchmarks and reports, both internal and external.

The total remuneration of Vastned's Executive Board was compared at year-end 2019 by independent consultancy Willis Towers Watson with the Employment Market Reference Group as described in the Remuneration Policy. The findings of this comparison were then compared by way of a double reasonableness test with all the companies in the AScX index. For the determination of the total remuneration of the Executive Board, the pay ratios within Vastned and the views of the of the members of the Executive Board on their own remuneration and the Remuneration Policy were also weighed.

A proposal for a (new) Remuneration Policy for both the Executive Board and the Supervisory Board will be put to the Annual General Meeting on 16 April 2020, in order to comply with the implementation legislation of the Shareholders' Rights Directive that took effect on 1 December 2019, which contains provisions regarding the remuneration of both the Executive Board and the Supervisory Board. After its adoption, the remuneration policy will then again be put to the Annual General Meeting for adoption at least every four years.

Employment agreements of the Executive Board

Duration of the agreement
The Annual General Meeting of 18 April 2019 appointed Mr Taco de Groot (CEO) for a four-year term. Reinier Walta (CFO) was appointed by the Annual General Meeting of 19 April 2018 for a four-year term. For members of the Executive Board, Vastned must observe a notice period of six months, the members themselves three months.

Dismissal payments
Dismissal payments are limited to twelve months' fixed remuneration. Mr De Groot's and Mr Walta's employment agreements comply with the Code.

Share ownership guidelines

Based on the share ownership guidelines in the Remuneration Policy the members of the Executive Board must build up a position in Vastned shares equal to 300% of the most recently adopted fixed remuneration for the CEO and 150% for the CFO, whereby the Executive Board should strive to build up the minimum shareholding within five calendar years.

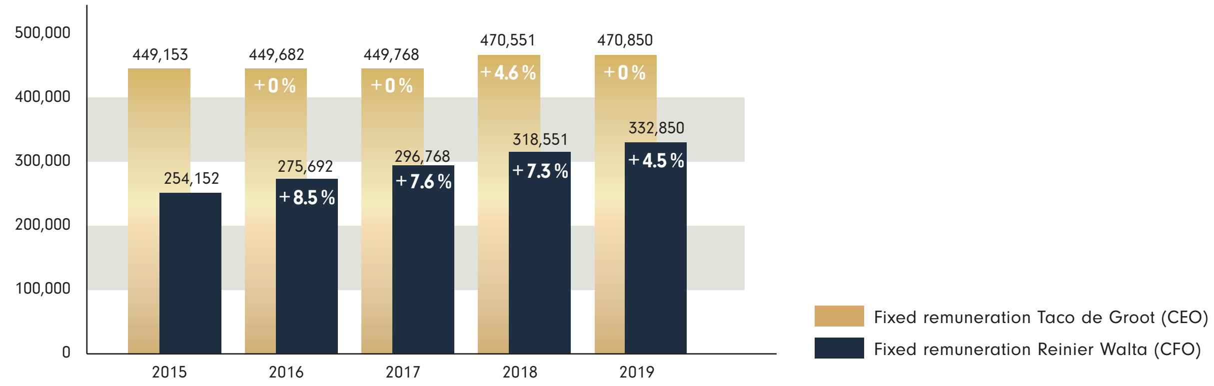
Position at year-end 2019
As at year-end 2019, at a closing price of € 26.70, the CEO met the minimum Vastned shareholding requirement of at least 300% of the CEO's fixed remuneration, with 73,076 shares purchased from his own means, or 424%.

At year-end 2019, Reinier Walta had built up a Vastned shareholding of 2,000 shares, of which 1,000 were purchased from his own means and 1,000 from the LTI paid out in 2018. At a closing price of € 26.70, this is 17% of his fixed remuneration as at 31 December 2019. Thus, the CFO has not yet met the requirement of the minimum shareholding of at least 150% of the fixed remuneration of the CFO.

Fixed remuneration 2019

The fixed remuneration of Taco de Groot (CEO) in 2019 was € 460,000 and the fixed remuneration of Reinier Walta (CFO) was € 322,000.

The following diagram presents the fixed remuneration (including social insurance contributions) of the members of the Executive Board in the period 2015-2019, including the annual relative changes:



As stated above, at year-end 2019 the remuneration levels of the Executive Board were assessed. Based on this benchmark both the basic salary and the total remuneration of the members of the Executive Board were between the 25th percentile and the median of the Labour Market Reference Group.

Remuneration and operating results

	2019	2018	2017	2016	2015
Operating result					
Turnover (x € 1,000)	69,288	77,060	77,480	89,469	93,174
Direct result (x € 1,000)	35,041	40,354	41,134	46,115	49,189
Average remuneration (full-time basis) 1)					
Managing directors (x € 1,000)	628	736	654	523	533
• CEO	734	879	789	649	673
• CFO	521	593	519	396	392
Employees (x € 1,000)	106	110	129	112	108
Pay ratio 2)	5.9	6.7	5.1	4.7	4.9

1) Including social insurance contributions and pension, excluding other benefits.
The STI relates to 2019 and the LTI to the performance period that ended in the 2019 financial year.
2) Pay ratio is the ratio between the average remuneration of the directors and the average remuneration of Vastned employees.

Total remuneration 2019

Total remuneration awarded to the Executive Board for 2019
The table below presents the remuneration awarded to the Executive Board in 2019 (€):

	Fixed remuneration	Social insurance contributions	Pension 1)	Other benefits 2)	STI 3)	LTI 3)	Total
Taco T.J. de Groot	460,000	10,850	84,775	37,611	70,840	107,640	771,716
Reinier Walta	322,000	10,850	59,913	25,933	52,808	75,348	546,852
Totals	**782,000**	**21,700**	**144,688**	**63,544**	**123,648**	**182,988**	**1,318,568**

1) Including WIA top-up premiums.
2) Concerns expenses relating to company car.
3) The STI relates to 2019 and LTI to the performance period that ended in the 2019 financial year.

The table below presents an overview in percentages of the remuneration awarded to the Executive Board in 2019 (%):

Remuneration composition (%)	Fixed remuneration	Pension	Other benefits	STI	LTI	Total
Taco T.J. de Groot (CEO)	61	11	5	9	14	100
Reinier Walta (CFO)	61	11	5	9	14	100

Pay ratios within Vastned

In accordance with the best-practice provisions in the Code, Vastned reports on the pay ratios of the Executive Board compared to those of a 'representative reference group' identified by the Company. Vastned has elected to compare the remuneration of the CEO with that of the average employee. The total financial remuneration (i.e. excluding non-financial remuneration elements such as travel expenses, but including pension charges) of all Vastned employees (excluding the remuneration of the CEO) for the relevant tax year was used as the reference point. To calculate the ratio, the salaries of employees who as at 31 December 2019 had not yet been employed for a full year were annualised as if the relevant employee had been employed throughout the year. Using this method the ratio between the CEO's remuneration as presented in the diagram on page 109 and that of an average employee for the 2019 tax year was 6.30: 1 (2018: 7.22: 1). This decrease was due to the lower variable remuneration of the directors of the company.

Variable remuneration in 2019
The remuneration policy provides that the total variable remuneration is limited to 100% of the fixed remuneration. The variable remuneration is comprised of 40% short-term variable remuneration and 60% long-term variable remuneration.

Short-Term Incentives (STI) for 2019
Every financial year, members of the Executive Board are eligible for a short-term variable remuneration (Short-Term Incentive or 'STI'). The STI ranges from 0% to a maximum of 40% of the fixed remuneration.

Vastned's strategy has a clear focus on stable and predictable results. In support of this strategy and in accordance with the provisions in the Remuneration Policy, the STI is determined based on four challenging targets (each with a weight of 25%) aimed at creating long-term value for the stakeholders of the company (issues such as the strategy and other long-term interests, including the occupancy rate of the portfolio, like-for-like gross rental growth and sustainability).

These targets encourage the Executive Board to focus on Vastned's strategy, long-term interests and sustainability, and as such contribute to them.

The STI targets are set annually in advance by the Supervisory Board based on the operational and strategic ambitions of the company as laid down in the business plan. The targets for the three financial STI objectives have a threshold (i.e. a minimum level that must be met for the STI to be awarded; in which case a weight of 15% of the total STI applies) and a 'maximum' award (weight of 25% of the total STI). Between the threshold and the maximum, the STI is awarded pro rata.

The first shared quantitative STI target in 2019 was related to the total occupancy rate of the portfolio at year-end 2019. The threshold for an award based on this target was a total occupancy rate of the portfolio at year-end 2019 of at least 98.5% (in which case a 15% award) and the maximum of this target was at least 98.9% (in which case a 25% award). The occupancy rate at year-end 2019 was 98.0, so this part of the STI was not awarded.

The second shared quantitative STI target was the ratio of strategic assets (formerly referred to as core city assets) in the total property portfolio. At least 82% of the total property portfolio had to comprise strategic assets for a 15% award and at least 84% for the maximum 25% award. The ratio of strategic assets at year-end 2019 was 82.7%, so 18.50% award was realised based on this STI target.

The third shared quantitative STI target concerned the like-for-like gross rental growth. At year-end 2019 a like-for-like rental growth for the strategic asset (formerly: 'core city assets') had to have been realised of at least 0.5% (in which case an award of 15%), whereby the upper limit for the maximum 25% award was set at at least 1.5%. The like-for-like gross rental growth was 3.0% negative, so this part of the STI was not awarded.

The qualitative STI target is determined individually for each member of the Executive Board, and its achievement is evaluated by the Supervisory Board. The maximum award based on the qualitative STI targets for the members of the Executive Board comprises 25% of the total STI.

In 2019, the objective of the qualitative STI target for the CEO focused on creating long-term value in the setting of the strategy of the company. In 2019, 50% of the STI target for the CFO was comprised of this same objective. In addition, the implementation of a new property management system in the foreign branches of the organisation in 2019 comprised 50% of the qualitative STI target for the CFO. At year-end 2019, the CEO had realised 80% of his qualitative STI targets (20% of the STI) and the CFO 90% (22.50% of the STI).

This brings the CEO's total STI to: 38.50% (being 0% + 18.50% + 0% + 20% realisation of the STI targets) * 40% (weight of STI in total calculation) * annual salary (€ 460,000) = € 70,840. The CFO's total STI comes to: 41% (being 0% + 18.50% + 0% + 22.50% realisation of the STI targets) * 40% (weight of STI in total calculation) * annual salary (€ 322,000) = € 52,808.

Long-Term Incentives (LTI) for 2019
The LTI may range from 0% up to a maximum of 60% of the fixed remuneration, and in each case covers a three-year period. The LTI scheme has the following three elements:

- A Relative Total Shareholder Return ('RTSR') test (40%);
- An Absolute Total Shareholder Return ('ATSR') test (30%);
- A Business Health Test (30%).

The maximum achievable LTI in 2019 for Taco de Groot was 60% of € 460,000 and for Reinier Walta 60% of € 322,000.

RTSR-test
The RTSR test sets 40% of the total LTI. For a description of the test and the peer group we refer to paragraph 4.3.2.2 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. In the defined peer group Vastned came sixth based on the figures at year-end 2019, so 30% is awarded based on the RTSR test. As a result, 30% * 40% = 12% of the RTSR-based LTI is payable (equal to 12% (based on the RTSR test) * 60% (weight of LTI in total calculation) = 7.2% of the annual salary).

ATSR-test
The ATSR test sets 30% of the total LTI. For a description of the test we refer to paragraph 4.3.2.3 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. The threshold for the realisation of the ATSR is 10% ATSR and realisation above 25% ATSR results in the maximum award. On 31 December 2019, the total shareholder return for the period 1 January 2017 up to and including 31 December 2019 was -7.21%. Since at the reference date, the ATSR for the period 1 January 2017 up to and including 31 December 2019 was not above 10% at year-end 2019, 0% LTI is payable based on the ATSR test.

Business Health Test
The Business Health test determines 30% of the total LTI. The purpose of this test is to promote a long-term vision in the determination of the strategy and the policy conducted. As the principle in the assessment of this test, initially the impact of the annual STI targets is measured over a three-year period. But it also takes account of other, non-financial performance indicators. The Supervisory Board evaluates the Executive Board's strategic leadership, tone at the top (also important in the context of risk management), employee satisfaction, the implementation of the strategy and last but not least the objectives for corporate social responsibility that the Executive Board has set for itself. The remuneration and nomination committee has also taken these aspects into account in its deliberations and weighed them during an extensive 360-degree evaluation of the members of the Executive Board, for which several discussions were held with staff, members of the Management Team and various country managers. In subsequent discussions with the members of the Executive Board the remuneration and nomination committee took note of their views on the level and structure of their own remuneration, whereby attention was given to Vastned's remuneration system and the level of the fixed and variable remuneration components, the performance criteria used, the scenario analyses performed and the pay ratios within Vastned and the business associated with it.

The 360-degree review resulted in a positive evaluation of both the CEO and the CFO, whereby especially the tone at the top and the objectives realised in terms of corporate social responsibility were positive features.

The Business Health Test was realised at 90% in 2019. The calculation of the Business Health Test-based LTI is as follows: 90% * 30% (weight of Business Health Test in LTI) * 60% (weight of LTI in total calculation) * annual salary = 16.2% * annual salary.

The 2019 reporting year is the third year in the three-year period (2017-2019) over which the LTI is determined. Based on the foregoing, the LTI for the period 2017 - 2019 comes to: € 107,640 for the CEO (€ 33,120 (RTSR) + € 74,520 (Business Health Test) and € 75,348 for the CFO (€ 23,184 (RTSR) + € 52,164 (Business Health Test).

The Supervisory Board has not availed itself of its right to adjust or claw back the incentives awarded to the Executive Board on the 2019 reporting year or earlier.

Pension 2019

The members of the Executive Board do not pay own contributions to their pension schemes; these contributions are paid by Vastned. Reinier Walta's pension was based on a career average scheme during 2019 and Taco de Groot's is a defined-contribution scheme. As at 1 January 2019 Mr Walta's pension will be based on a defined benefit scheme.

Based on the provisional Pension Agreement 2019 Mr De Groot's expected pension age is 67 years and three months and Mr Walta's is 68 years and three months.

Pension compensation CFO
Reinier Walta participates in Vastned's pension scheme. As of 1 January 2015, the tax relief on pension accrual was adjusted based on new tax legislation, and now only the maximum pensionable salary in any year[1] is pensionable. It has been agreed with Reinier Walta that he will be compensated for this adjustment up to the level of the pension contribution which Vastned no longer has to pay in. The same scheme has been agreed with other Vastned employees.

The pension contribution for Reinier Walta in 2019 was € 21,743 for the part up to the maximum pensionable salary in that year. For the part above the maximum pensionable salary Reinier Walta received a compensation of € 32,997 in 2019. This pension compensation does not qualify as part of the fixed remuneration. The total compensation was € 54,740 (17% * € 322,000 (fixed remuneration)). Based on tax legislation, the partner pension under the pension scheme that is in effect in Vastned is also limited. The Vastned pension scheme in which the CFO participates also includes an invalidity pension.

Loans 2019

Vastned did not provide any loans or guarantees to members of the Executive Board in 2019.

[1] As at 1 January 2019: € 107,593

2. Remuneration of the Supervisory Board

The remuneration system for the Supervisory Board adopted by the Annual General Meeting of shareholders on 20 April 2017 remained unchanged in 2019.

The total remuneration of Vastned's Supervisory Board was compared at year-end 2019 by independent consultancy Willis Towers Watson with the Labour Market Reference Group as described in the Remuneration Policy. The findings of this comparison were then compared by way of a double reasonableness test with all the companies in the AScX index. The benchmark survey showed that the remuneration of the chairman and the members of the Supervisory Board as well as the supplements for the chairman and the members of the various committees were between the 25th percentile and the median of those of comparable companies.

A proposal to adopt a Remuneration Policy for the Supervisory Board will be put to the Annual General Meeting on 16 April 2020, in order to comply with the implementation legislation of the Shareholders' Rights Directive that took effect on 1 December 2019, which contains provisions regarding the remuneration of both the Executive Board and the Supervisory Board. This proposal comprises also a simplification of the remuneration structure, in which the total remuneration for each of the members of the Supervisory Board will not be changed at this time.

After the adoption of the Remuneration Policy for the Supervisory Board, the remuneration policy will then again be put to the Annual General Meeting for adoption at least every four years. A competitive compensation is awarded to the members of the Supervisory Board without performance-based elements. Thus, the remuneration contributes to safeguarding independent expert supervision in the interest of the company and its long-term performance.

The remuneration of the Supervisory Board as at 31 December 2019 was as follows:

Chairman	**€ 48,000**
Member (not chairman)	**€ 36,000**
• Supplement chairman of audit and compliance committee	€ 7,750
• Supplement member (not chairman) of audit and compliance committee	€ 5,500
• Supplement chairman of remuneration and nomination committee	€ 6,750
• Supplement member (not chairman) of remuneration and nomination committee	€ 4,750

All members also received a fixed expense allowance for travel and accommodation of € 1,250 per year, excluding turnover tax.

Overview of the remuneration granted to the Supervisory Board in 2019

The table below presents the remuneration awarded to the Executive Board in 2019 (€):

Name	Supervisory Board	A&C committee	R&N committee	Expense allowance	Total
Marc C. van Gelder c)	48,000		4,750	1,250	54,000
Charlotte M. Insinger	36,000	7,750		1,250	45,000
Marieke Bax	36,000		6,750	1,250	44,000
Jaap G. Blokhuis*	25,529	3,873		880	30,281
Jeroen B.J.M. Hunfeld**	10,652	1,627		370	12,649
Total	**156,181**	**13,250**	**11,500**	**5,000**	**185,930**

v) Chair.
* appointed as of 18 April 2019.
** retired in accordance with retirement roster on 18 April 2019.

Overview of the remuneration granted to the Supervisory Board 2015-2019

The table below presents the remuneration awarded to the Supervisory Board in 2015-2019 (x 1,000)[1]:

	2019	2018	2017	2016	2015
M.C. van Gelder	53	53	53	43	24
M. Bax	43	43	43	34	34
J.B.J.M. Hunfeld	12	41	41	34	34
C.M. Insinger	44	44	44	34	23
J.G. Blokhuis	29	-	-	-	-
W.J. Kolff	-	-	-	12	42
P.M. Verboom	-	-	-	-	12
Total	**€ 181**	**€ 181**	**€ 181**	**€ 157**	**€ 169**

1) Excluding expense allowance

MADRID

1961

2019

© BSR AGENCY

• Calle Fuencarral, Madrid

Young climate activist Greta Thunberg was cheered like a pop star in the international media circus that surrounded the recent COP25 climate summit in Madrid. It was a fitting scene in a traditionally politically restive metropolis that has had its fair share of coups d'etat and rebellions.

The Moors

The first written mention of the name Madrid dates from the 9th century AD, later than those of other Spanish cities. That is because of the city's location, which was unattractive due to the fact that it was impossible to construct a port. Emir Mohammed I of Córdoba built a fortress named Al-Majrit to defend himself from Christians, which later became Madrid. Inside the fortress walls he built the Alcazár palace in the spot where you now find the Palacio Real. Until 1083 Madrid was held by the Muslim Mores. King Alfonso VI captured the city and had the mosque renamed Almudena and turned into the cathedral that still stands. Catholics and Muslims lived side by side peacefully until the 15th century.

Grandeur

Once Catholic, the city became attractive for leading noble families. Madrid grew and was granted city rights in 1123, but it would take centuries to become a city of note. The royal couple Ferdinand of Aragon and Isabella of Castile would be the first to bring it to the fore, starting a period of stability and prosperity. In 1561, their grandson Philip II made Madrid the capital of Spain and moved the Spanish court there. At that time, Madrid did not have much grandeur. However, the population grew to 60,000 and Philip built a new palace outside the city, the imposing monastic complex San Lorenzo de El Escorial. It attracted artists, noblemen, writers and fortune-seekers from all over the country. ushering in a Golden Age of Spanish painting and literature. The construction of the Plaza Mayor, the royal residence Palacio del Buen Retiro, monasteries, churches and townhouses in the 17th century heralded the beginning of the typical Madrid architecture. The population soon doubled.

Stature

The royal stature of Madrid was achieved under the rule of Carlos III. In 1734, the medieval Alcázar burned down, and was replaced by the Palacio Real, although it took thirty years to build. Carlos III, also known as the 'king-mayor' because of his great interest in the city, took it as his court. Streets were widened and paved, sewers improved, street lighting and parks were constructed, as well as bridges and hospitals. However, the nation was far from united. The Spanish elite did not feel much national pride. Until the end of the 19th century there was no national anthem, no official flag and no national holiday. The first official currency was introduced in 1868. In the same period Spain lost is last major colonies - Cuba, Puerto Rico and the Philippines - to the United States.

2019

1954

© BSR AGENCY

• Calle Serrano, Madrid

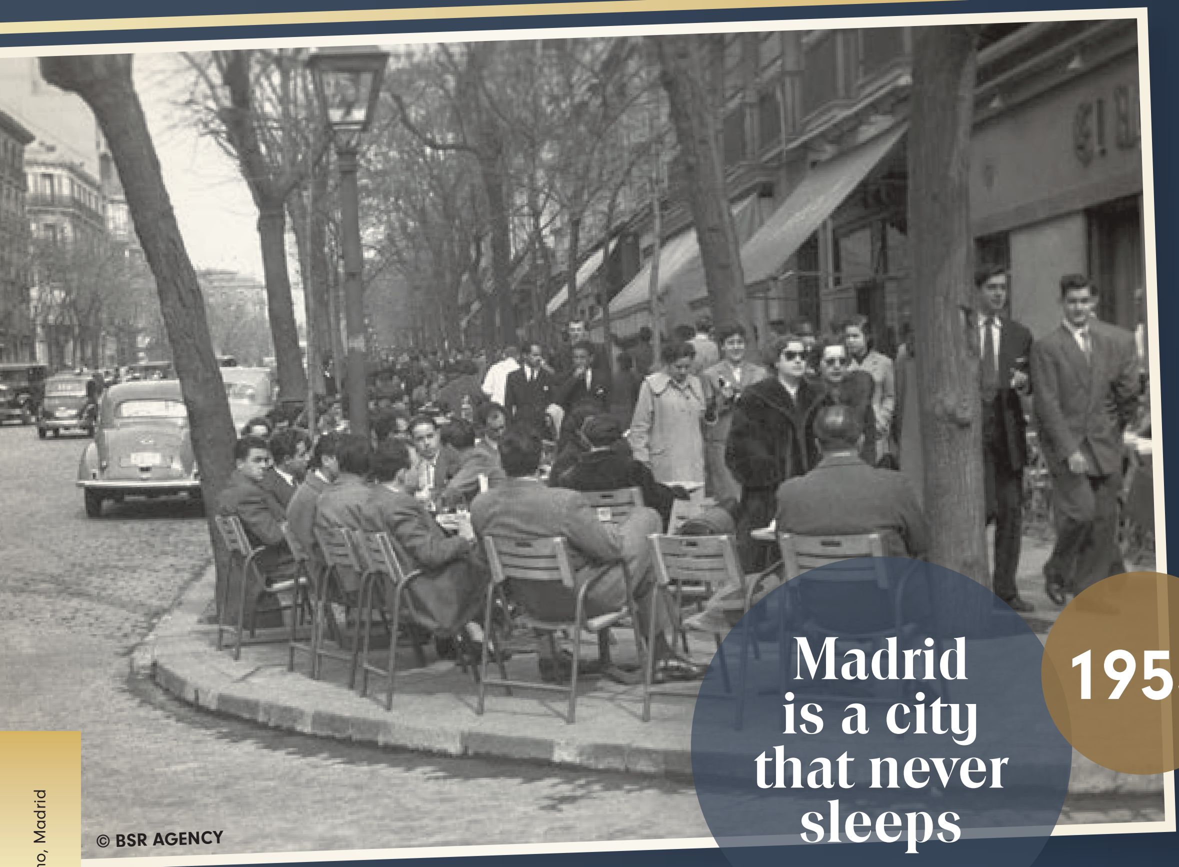
Metropolis and restive politics

At the start of the 20th century Madrid - perhaps the city with the most interesting political history in Europe - developed into a metropolis with a population of over 1 million. This required urban expansion, which was realised by linking up with the surrounding villages and building new quarters. The Gran Via was constructed, the city's main artery, where now many well-known retail chains have their outlets. In 1919 the first metro line started running, copied from the English. Madrid was the cultural centre of Spain, but the political scene was far from harmonious.

In 1923, the army staged a coup d'etat, but it failed to bring political stability. Like many other cities, Madrid experienced a wave of political violence. In 1936 the Civil War broke out. The Nationalists, led by General Franco, captured the city. There were constant gunfights in the streets. Madrid suffered the worst of the violence. The government fled to Valencia and Barcelona, and only surrendered three years later, long after the rest of Spain had. This meant the end of the Civil War, and the start of a dictatorship that would last until 1975. In spite of many executions, the population of Madrid increased, as people from the countryside came looking for work. The south side of the city in particular was industrialised. In the 1940 the city expanded further, quadrupling its land area. After the death of Franco in 1975 Spain once again became a monarchy, with Juan Carlos I as king. In the 80s and 90s Madrid grew into one of the foremost centres in economics, culture, music, visual arts and education - with no less than six universities - technology and industry. And the city started rebuilding. After nearly 40 years of oppression Madrid reinvented itself as an international player.

Bouncing back

The city showed its ability to bounce back after the 2004 terrorist attacks, probably by Al Qaida. Bombs exploded on several trains, killing over 190 people and injuring 1700. It was the worst atrocity in Madrid since the Civil War. But terrorists have not been able to stunt Madrid's economic growth. After Barcelona it is the largest industrial centre of the country. Foreign investors and companies feel Madrid's attraction. The city has many administrative and political functions at the national level and is developing into a leading tourism centre. The population keeps growing, with high points in the national immigration wave of the mid-20th century and an international immigration wave in the early 21st century, especially from South America and Morocco. The night life is famous for its many bars, clubs and discotheques. And the same goes for its imposing architecture, in which Franco's influence can still be traced. Madrid is the city that never sleeps: its streets and quarters are in action 24/7 and you can eat, have fun and shop into the early hours. Its Mediterranean street life 2.0.



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Madrid is a city that never sleeps

1953

• Calle Serrano, Madrid

FACTS & FIGURES

MADRID

Population
3,223,334

First well-known shops
Chocolatería San Ginés, La Pajarita, Almacén de Pontejos Casa Mira, La Mallorquina

Annual number of tourists
>12 million

Overnight stays by tourists
> 3.5 million

Museums
140

Toerists
Day trippers and international

Favourite attractions
The Museo del Prado, Thyssen-Bornemisza, the Museo Nacional Centro de arte Reine Sofia, Sorolla, the Museo Arqueológica, the Museo del Romanticismo, the Museo Cerralbo, Zoo Aquarium, Palacio Real (4,318 rooms)

Favourite locations
Chueca and Malasana (trendy districts), the city centre with the adjacent former writers' districts Sol and Las Huertas, bullfighting arena Las Ventas, Plaza Mayor, Parque del Buen Retiro, Gran Via, Mercado de San Miguel, Real Jardin Botánico, Sabatini Gardens, Campo del Moro

Number of shops
66,736

Number of Vastned retail properties
7

First Vastned store
Calle Serrano 36, first tenant was Cacharel
1999

Biggest tenant Vastned
Sephora
(Calle Serrano 36, 615 sqm)

Number of Vastned residential properties
0

DIRECT AND INDIRECT RESULT

6

Direct result

(€ thousand)

	2019	2018
Gross rental income	69,288	77,060
Other income	272	368
Ground rents paid	-	(124)
Net service charge expenses	(244)	(501)
Operating expenses	(6,289)	(6,027)
Net rental income	**63,027**	**70,776**
Financial income	18	40
Financial expenses	(14,693)	(15,035)
Net financing costs	**(14,675)**	**(14,995)**
General expenses	(8,137)	(8,753)
Direct result before taxes	**40,215**	**47,028**
Current income tax expense	(682)	(529)
Movement deferred tax assets and liabilities	591	(1,110)
Direct result after taxes	**40,124**	**45,389**
Direct result attributable to non-controlling interests	(5,083)	(5,035)
Direct result attributable to Vastned Retail shareholders	**35,041**	**40,354**

Indirect result

(€ thousand)

	2019	2018
Value movements in property in operation	(13,110)	4,345
Value movements in assets held for sale	-	(250)
Total value movements in property	**(13,110)**	**4,095**
Net result on divestments of property	332	201
Financial expenses	(221)	(816)
Value movements in financial derivatives	(2,953)	(1,473)
Reclassification of unrealised results on financial derivatives from equity	266	116
Abortive purchase costs	-	(1,599)
Indirect result before taxes	**(15,686)**	**524**
Movement deferred tax assets and liabilities	(513)	(2,319)
Indirect result after taxes	**(16,199)**	**(1,795)**
Indirect result attributable to non-controlling interests	3,593	2,536
Indirect result attributable to Vastned Retail shareholders	**(12,606)**	**741**
Direct result attributable to Vastned Retail shareholders	**35,041**	**40,354**
Indirect result attributable to Vastned Retail shareholders	**(12,606)**	**741**
Result attributable to Vastned Retail shareholders	**22,435**	**41,095**

Per share (€)

	2019	2018
Direct result attributable to Vastned Retail shareholders	2.03	2.22
Indirect result attributable to Vastned Retail shareholders	(0.73)	0.04
	1.30	**2.26**

The direct result attributable to Vastned Retail shareholders consists of net rental income less net financing costs (excluding value movements of financial derivatives), general expenses, taxes on the above items and the portion of this income and expenditure attributable to non-controlling interests.

The indirect result attributable to Vastned Retail shareholders consists of the value movements and the net result on divestments of property, the non-cash portion of the interest on the convertible bond loan, the value movements of financial derivatives, the abortive purchase costs and the movements in deferred tax assets and liabilities, less the portion of these items attributable to non-controlling interests.

FINANCIAL STATEMENTS 2019

7

Consolidated profit and loss account

(€ thousand)

Net income from property	Note	2019	2018
Gross rental income	4, 25	69,288	77,060
Other income	4	272	368
Ground rents paid	4	-	(124)
Net service charge expenses	4	(244)	(501)
Operating expenses	4	(6,289)	(6,027)
Net rental income		**63,027**	**70,776**
Value movements in property in operation	5	(13,110)	4,345
Value movements in assets held for sale	5	-	(250)
Total value movements in property		**(13,110)**	**4,095**
Net result on divestments of property	6	332	201
Total net income from property		**50,249**	**75,072**

Expenditure	Note	2019	2018
Financial income	7	18	40
Financial expenses	7	(14,914)	(15,851)
Value movements in financial derivatives	7	(2,953)	(1,473)
Reclassification of unrealised results on financial derivatives from equity	7	266	116
Net financing costs		**(17,583)**	**(17,168)**
General expenses	8	(8,137)	(8,753)
Abortive purchase costs	9	-	(1,599)
Total expenditure		**(25,720)**	**(27,520)**
Result after taxes		**24,529**	**47,552**
Current income tax expense	10	(682)	(529)
Movement deferred tax assets and liabilities	10, 19	78	(3,429)
Total income tax		**(604)**	**(3,958)**
Result after taxes		**23,925**	**43,594**
Result attributable to Vastned Retail shareholders		22,435	41,095
Result attributable to non-controlling interests	28	1,490	2,499
		23,925	**43,594**

Per share (€)	Note	2019	2018
Result	11	1.30	2.26
Diluted result	11	1.30	2.14

Consolidated statement of comprehensive income

(€ thousand)

	Note	2019	2018
Result after taxes		23,925	43,594
Items not reclassified to the profit and loss account			
Remeasurement of defined benefit obligation	20	(974)	259
Taxes on items not reclassified to the profit and loss account		-	-
Items that have been or could be reclassified to the profit and loss account			
Reclassification of unrealised results on financial derivatives to profit and loss account		(267)	(116)
Taxes on items that have been or could be reclassified to the profit and loss account		-	-
Other comprehensive income after taxes		**(1,241)**	**143**
Total comprehensive result		**22,684**	**43,737**
Attributable to:			
Vastned Retail shareholders		21,194	41,238
Non-controlling interests		1,490	2,499
		22,684	**43,737**

Consolidated balance sheet as at 31 December

(€ thousand)

Assets

	Note	2019	2018
Property in operation	14	1,568,461	1,571,727
Accrued assets in respect of lease incentives	14	4,721	4,342
Total property		**1,573,182**	**1,576,069**
Intangible fixed assets		474	–
Tangible fixed assets		1,038	1,114
Rights-of-use assets		633	–
Total fixed assets		**1,575,327**	**1,577,183**
Assets held for sale	15	1,575	3,500
Debtors and other receivables	16, 23	9,204	8,905
Income tax		37	116
Cash and cash equivalents	17	961	1,546
Total current assets		**11,777**	**14,067**
Total assets		**1,587,104**	**1,591,250**

Equity and liabilities

	Note	2019	2018
Paid-up and called-up capital	18	95,183	95,183
Share premium reserve		468,555	472,640
Hedging reserve in respect of financial derivatives		-	267
Other reserves		207,561	221,207
Result attributable to Vastned Retail shareholders	11	22,435	41,095
Equity Vastned Retail shareholders		**793,734**	**830,392**
Equity non-controlling interests	28	89,132	92,637
Total equity		**882,866**	**923,029**
Deferred tax liabilities	19	15,550	15,628
Provisions in respect of employee benefits	20	6,092	5,362
Long-term interest-bearing loans	21	580,427	475,638
Long-term lease liabilities	21, 25	3,698	-
Financial derivatives	23	2,678	5,031
Guarantee deposits and other long-term liabilities		3,638	3,698
Total long-term liabilities		**612,083**	**505,357**
Payable to banks	21	8,283	6,020
Redemption of long-term interest-bearing loans	21	62,470	134,661
Short-term lease liabilities	21, 25	320	-
Income tax		526	159
Other liabilities and accruals	22	20,556	22,024
Total short-term liabilities		**92,155**	**162,864**
Total equity and liabilities		**1,587,104**	**1,591,250**

Consolidated statement of movements in equity

(€ thousand)

	Capital paid up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Equity non-controlling interests	Total equity
Balance as at 1 January 2018	95,183	472,640	383	174,669	94,645	837,520	94,730	932,250
Result	-	-	-	-	41,095	41,095	2,499	43,594
Other comprehensive income	-	-	(116)	259	-	143	-	143
Comprehensive income	**-**	**-**	**(116)**	**259**	**41,095**	**41,238**	**2,499**	**43,737**
Final dividend for previous financial year in cash	-	-	-	-	(25,644)	(25,644)	(4,592)	(30,236)
Interim dividend 2018 in cash	-	-	-	(12,912)	-	(12,912)	-	(12,912)
Contribution from profit appropriation	-	-	-	69,001	(69,001)	-	-	-
Share buyback	-	-	-	(9,810)	-	(9,810)	-	(9,810)
Balance as at 31 December 2018	**95,183**	**472,640**	**267**	**221,207**	**41,095**	**830,392**	**92,637**	**923,029**
Result	-	-	-	-	22,435	22,435	1,490	23,925
Other comprehensive income	-	-	(267)	(974)	-	(1,241)	-	(1,241)
Comprehensive income	**-**	**-**	**(267)**	**(974)**	**22,435**	**21,194**	**1,490**	**22,684**
Final dividend for previous financial year in cash	-	-	-	-	(22,984)	(22,984)	(4,995)	(27,979)
Interim dividend 2019 in cash	-	-	-	(9,948)	-	(9,948)	-	(9,948)
Contribution from profit appropriation	-	-	-	18,111	(18,111)	-	-	-
Equity component of convertible bond loan	-	(4,085)	-	4,085	-	-	-	-
Buyback of shares	-	-	-	(24,920)	-	(24,920)	-	(24,920)
Balance as at 31 December 2019	**95,183**	**468,555**	**-**	**207,561**	**22,435**	**793,734**	**89,132**	**882,866**

Consolidated cash flow statement

(€ thousand)

Cash flow from operating activities	Note	2019	2018
Result after taxes		23,925	43,594
Adjustments for:			
Value movements in property	5	13,110	(4,095)
Net result on divestments of property	6	(332)	(201)
Net financing costs	7	17,583	17,168
Income tax	10	604	3,958
Cash flow from operating activities before changes in working capital and provisions		**54,890**	**60,424**
Movement in current assets		(886)	(7,431)
Movement in short-term liabilities		(1,399)	3,105
Movement in provisions		(360)	30
		52,245	**56,128**
Interest received		18	40
Interest paid		(13,829)	(14,190)
Income tax paid		(236)	(749)
Cash flow from operating activities		**38,198**	**41,229**
Cash flow from investing activities			
Property acquisitions		(13,749)	(52,730)
Capital expenditure on property		(2,679)	(3,646)
Divestments of property		12,464	70,141
Cash flow from property		**(3,964)**	**13,765**
Movement in other fixed assets		(398)	6
Cash flow from investing activities		**(4,362)**	**13,771**
Cash flow from financing activities			
Buyback of shares	18	(24,920)	(9,810)
Dividend paid	12	(32,932)	(38,556)
Dividend paid to non-controlling interests	28	(4,995)	(4,592)
Interest-bearing loans drawn down	21	169,038	49,805
Interest-bearing loans redeemed	21	(135,438)	(52,241)
Settlement of interest rate derivatives		(5,306)	-
Movements in guarantee deposits and other long-term liabilities		132	(137)
Cash flow from financing activities		**(34,421)**	**(55,531)**
Net increase/(decrease) in cash and cash equivalents		**(585)**	**(531)**
Cash and cash equivalents as at 1 January	17	1,546	2,077
Cash and cash equivalents as at 31 December		**961**	**1,546**

Notes on the consolidated financial statements

1 General information

Vastned Retail N.V. (hereinafter also referred to as 'the Company' or 'Vastned'), with its registered office in Amsterdam, the Netherlands, is a property company that invests sustainably in top quality retail property with a clear focus on the best retail property in popular high streets of larger European cities. Smaller investments are also made in retail assets in other cities, Belgian 'baanwinkel' shops, a number of supermarkets and in (parts of) smaller shopping centres. The property is located in the Netherlands, France, Belgium and Spain.

Vastned is filed in the trade register of the Chamber of Commerce under number 24262564.

Vastned is listed on the Euronext stock exchange in Amsterdam.

The consolidated financial statements of the Company comprise the Company and its subsidiaries (jointly referred to as 'the Group').

2 Significant principles for financial reporting

2.1 Statement of compliance

The consolidated financial statements of the Company are presented in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union (IFRS-EU), and also complies with statutory provisions with respect to the financial statements as set out in Title 9 of Book 2 of the Dutch Civil Code. These standards also comprise all new and revised Standards and Interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Standards Committee (IFRIC), as far as they apply to the Group's activities, effective for financial years starting from 1 January 2019.

New or amended standards and interpretations that became effective on 1 January 2019

The amended standards and interpretations that came into effect in 2019 are listed below.

- **IFRS 16 Leases**

  IFRS 16 introduces an extensive model for the identification of lease agreements and accounting treatment for both lessors and lessees with the biggest impact for lessees. IFRS 16 distinguishes between lease and service contracts based on whether an identified asset is controlled by a lessee. Distinction between operating leases (off-balance-sheet) and financial leases (on-balance-sheet) by the lessee is replaced by a model in which lessees have to include a right-of-use asset and a corresponding liability for all lease agreements, with the exception of short-term leases and leases for low-value assets, whereby interest and depreciation must be recognised separately. In contrast to the lessee accounting IFRS 16 retains a considerable part of the requirements of the lessor in IAS 17 and the lessor remains obliged to classify a lease as an operating lease or a financial lease. The accounting of lease contracts by lessors therefore remains largely unchanged and since the Group acts virtually exclusively as a lessor application of the new standard does not materially affect the financial results of the Group.

  In a limited number of cases the Group is a lessee. This concerns a number of ground lease agreements and a number of lease contracts for offices that the Group leases for its organisation. For these cases the Group has included a right-of-use asset and a lease liability in its balance sheet. The right-of-use assets relating to the ground lease agreements are included under property. These right-of-use assets have been valued at fair value in accordance with IAS 40 and are therefore not depreciated. The right-of-use assets relating to the lease contracts of the offices used by the organisation are depreciated straight-line. The depreciation costs of these right-of-use assets is recognised under general expenses. Upon first application of the standard the right-of-use assets are generally measured at an amount equal to the lease liability. For the calculation of the lease liabilities a weighted average incremental borrowing rate of 2.2% was used.

  The classification of the cash flows is also affected, since under IAS 17 operating lease payments are presented as operational cash flows, while according to the IFRS 16 model the lease payments are separated into a repayment component and an interest component, which are presented as financial and operational cash flows respectively. This change had a very limited impact on the presentation of the cash flows.

The Group has applied both the 'modified retrospective approach' and the practical expediant that allows the Group to not reassess whether a contract is or contains a lease contract on the date of first application. Certain events necessitate a reassessment by the lessee of certain key elements (for example, lease period and variable rents based on an index). In addition, the Group has made use of the recognition exemption for lease contracts with a term shorter than one year and lease contracts for low-value assets. In such cases the lease payments related to these contracts are accounted for straight-line as costs in the profit and loss account.

The effect on the consolidated balance sheet as at 1 January 2019 is as follows:

Assets	31 December 2018	Effect of IFRS 16 application	1 Januari 2019
Property in operation (including accrued assets in respect of lease incentives)	**1,576,069**	**3,497**	**1,579,566**
Tangible fixed assets	1,114	-	1,114
Rights-of-use assets	-	857	857
Total fixed assets	**1,114**	**857**	**1,971**
Total currents assets	**14,067**	**-**	**14,067**
Total assets	**1,591,250**	**4,354**	**1,595,604**

Equity and liabilities

Equity and liabilities	31 December 2018	Effect of IFRS 16 application	1 Januari 2019
Equity Vastned Retail shareholders	830,392	-	830,392
Equity non-controlling interests	92,637	-	92,637
Total equity	**923,029**	**-**	**923,029**
Lease liabilities	-	4,053	4,053
Other long-term liabilities	505,357	-	505,357
Total long-term liabilities	**505,357**	**4,053**	**509,410**
Lease liabilities	-	360	360
Other liabilities and accruals	162,864	(59)	162,805
Total long-term liabilities	**162,864**	**301**	**163,165**
Total equity and liabilities	**1,591,250**	**4,354**	**1,595,604**

Due to the very limited impact on the solvency ratio no further agreements were made with the lenders.

The effect on the 2019 result is approx. € 0.1 million positive.

The lease liabilities as at 1 January 2019 can be reconciled with the future minimum amount of lease payments relating to non-cancellable operating lease contracts as at 31 December 2018 as follows:

Minimum amount of lease payments relating to non-cancellable operating lease contracts as at 31 December 2018	8,558
Weighted average incremental borrowing rate as at 1 January 2019	2.2%
Present value of minimum amount of lease payments relating to non-cancellable operating lease contracts as at 31 December 2018	4,413

- **IFRIC Interpretation 23 Uncertainty over Income Tax Treatments**
  The interpretation clarifies the recognition of uncertain tax positions in the financial statements. The uncertainty in the amount reported and the assumptions used must be explained.
  The interpretation does not materially affect the financial results and/or position of the Group, or the presentation and/or the notes.

- **Improvements to IFRS Standards 2015-2017 Cycle** (IAS 12, IAS 23, IFRS 3 & IFRS 11)
  The changes concern minor amendments to a number of standards.
  The changes do not affect the financial results and/or position of the Group, or the presentation and/or the notes.

- **Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**
  The amendments prescribe the accounting of service charges, net interest and the asset ceiling after changing plan, curtailment or settlement during the year.
  The pension plan for the employees in the Netherlands was changed as of 1 January 2020 from a defined benefit pension plan to a defined contribution pension plan.
  The application of the amended standard therefore does not affect the financial results and/or position of the Group, or the presentation and/or the notes.

- **Amendments to IAS 28: Long-term interests in Associates and Joint Ventures**
  The amendments clarify that an entity must apply IFRS 9 to long-term interests in associated participating interests or joint ventures to which it does not apply the equity method.
  The changes do not affect the financial results and/or position of the Group, or the presentation and/or the notes.

- **Amendments to IFRS 9: Prepayment Features with Negative Compensation**
  The amendments concern reporting of financial instruments with the option of early repayment at a lower amount than the contractual payments of the principal and interest.
  The changes do not affect the financial results and/or position of the Group, or the presentation and/or the notes.

New and amended standards and interpretations accepted by the European Union and that will be effective for financial years starting on or after 1 January 2020 and are not yet being applied by the Group

On the date of adoption of these financial statements the Group had not applied the following new and amended IFRS standards that have been adopted but are not yet effective:

- **Amendments to IAS 1 and IAS 8: Definition of Material** (effective for financial years starting on or after 1 January 2020)
  The amendments clarify the definition of material and how it should be applied by including guidelines in the definition that were previously included elsewhere in the IFRS standards. Furthermore, the notes to the definition were improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS standards.
  The changes are not expected to have any impact on the financial results and/or position of the Group, or the presentation and/or the notes.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform** (effective for financial years starting on or after 1 January 2020)
  The changes offer temporary relief to entities that apply hedge accounting during the period of uncertainty before an existing interest benchmark is replaced by an alternative, almost risk-free interest rate, so that they can continue to apply hedge accounting. Vastned does not apply hedge accounting, so the changes do not affect the financial results and/or position of the Group, or the presentation and/or the notes.

New or amended standards and interpretations not yet adopted by the European Union
The following standards, amended standards and interpretations that have not yet been adopted by the European Union are therefore not yet being applied by the Group:

- **IFRS 17 Insurance Contracts**
  (if adopted, effective for financial years starting on or after 1 January 2021)

- **Amendments to IFRS 3 Definition of a Business**
  (if adopted, effective for financial years starting on or after 1 January 2020)

The Executive Board does not expect the application in future periods of the standards mentioned above will have a material impact on the financial statements of the Group, except as set out below:

- **Amendment to IFRS 3 Business Combinations**
  (effective for financial years starting on or after 1 January 2020)
  The amendment aims to simplify the decision as to whether an acquisition of operations and assets should be qualified as a business combination or the acquisition of a group of assets.
  The amendment might be relevant for future acquisitions, and in such cases it will be applied by the Group, whereby the amendments are not expected to have any impact on the financial results and/or position of the Group, or on the presentation and/or the notes.

2.2 Principles applied in the preparation of the financial reporting

The financial statements are presented in euros; amounts are rounded off to thousands of euros, unless stated differently. Property and financial derivatives are valued at fair value; the other items in the financial statements are valued at historical cost, unless stated differently. Historical cost is generally based on the fair value of the compensation provided in exchange for goods and services.

The fair value is the amount for which an asset can be traded or a liability settled between well-informed parties at the valuation date who are prepared to enter into a transaction, who are independent, irrespective of whether this price is directly observable or estimated using a different valuation method. When estimating the fair value of an asset or liability the Group takes account of the characteristics of the asset or liability if market actors would take these characteristics into account in valuing the asset or liability on the valuation date. Fair values for valuation or explanation purposes in these consolidated financial statements are determined on such a basis, except for lease transactions that fall under the scope of IFRS 16.

The main principles used in the financial reporting are presented below.

Amortised cost
The amortised cost is the amount for which a financial asset or financial liability is recognised on the balance sheet at initial recognition less repayments on the principal, increased or decreased by the cumulative amortisation of the difference between that initial amount and the final maturity amount - determined via the effective interest method - less any write-downs (directly or by forming a provision) due to expected credit losses.

Netting
An asset and an item in loan capital are reported net in the financial statements exclusively if and to the extent:

- a proper legal instrument is available for simultaneous, net settlement of the assets and the item of the loan capital; and
- there is a firm intention to settle the netted item as such or the two items simultaneously.

Judgements, estimates and assumptions
In the preparation of the consolidated financial statements in compliance with IFRS-EU the Executive Board has made judgements concerning estimates and assumptions which impact the figures included in the financial statements. The estimates and underlying assumptions concerning the future are based on historical experience and other relevant factors, given the circumstances on the balance sheet date. The actual results may deviate from these estimates.

The estimates and underlying assumptions are evaluated regularly. Any adjustments are recognised in the period in which the estimate was reviewed, or if the estimate also impacts future periods, also in these future periods. The principal estimates and assumptions concerning the future and other important sources of estimate uncertainties on the balance sheet date that have a material impact on the financial statements and that present a significant risk of material adjustment of book values in the subsequent financial year are presented below.

Judgements
In the application of the Group's principles for financial reporting, the Executive Board in consultation with the audit and compliance committee has made the following judgements that have the most significant impact on the figures in the consolidated financial statements. For (more) specific explanations of each balance sheet item and items in the profit and loss account, reference is made to the general principles and notes to these items and to *13 Fair value*.

Leases
- **Lease term**
  In the accounting of the lease income in the case of an operating lease, the Group considers what can reasonably be expected concerning the performance and the effect of the lease contract, including the most probable lease term, partly based on specifically agreed matters and economic circumstances and incentives.
- **Classification - the group as lessor**
  The Group has concluded leases for its property. Based on an evaluation of the provisions and conditions of the leases, such as whether or not the lease term covers a significant portion of the useful life of the property and whether or not the present value of the minimum lease payments principally concern all amounts of the fair value of the property, the Group has determined that it retains all the principal risks and benefits of ownership of the property and therefore presents the contracts as operating leases.

Income from contracts with clients
- **Performance obligations and principal-agent considerations in the event of services to customers.**
  The Group ensures the provision of certain services to tenants of property, as laid down in the contract that the Group enters into as a lessor, which services are provided by third parties. The Group charges service charges for this. Service charges comprise expenses for power, doormen, garden maintenance, etc., which can be charged on to the tenant under the terms of the lease, whereby the Group can be regarded as an agent. For this reason, the expenses and amounts charged on are not specified in the profit and loss account. For further explanation, reference is made to *2.17 Net service charge expenses*.
  In France, tenants are charged contractually agreed fees for the management of general areas of the property. The fees are related to the rent charged to tenants and the floor area leased. The fees are not necessarily equal to the costs of the services. As a result, the Group receives the remaining benefits. The Group is also responsible for providing these services, so that based on this the Group has control of these services. As a result, the Group can be regarded as a principal. These fees are presented under 'Other income'.
- **Determination of the time of divestment of a property.**
  Contracts relating to the divestment of property are recognised in principle at the time when control is transferred to the buyer, being the time when the property is transferred to the buyer and this party can therefore actually dispose of the property. For an unconditional exchange of contracts it is generally expected that control is transferred to the buyer at the same time as the legal title.

Estimates and assumptions
The main assumptions regarding future and other significant sources of estimate uncertainty on the reporting date that constitute a significant risk that the book value of assets and liabilities may cause a material adjustment in the following financial year are presented below. The Group has based its assumptions and estimates on available parameters in the preparation of the consolidated financial statements. Existing circumstances and assumptions for future developments may change, however, as a result of market changes or circumstances beyond the Group's control. Such changes are reflected in the assumptions when they occur.

Valuation of property
All the property in operation is appraised by independent certified appraisers at least once per year. These appraisals are based on assumptions including the estimated rental value of the property in operation, net rental income, future capital expenditure and the net market yield of the property. As a result, the value of the property in operation is subject to a degree of uncertainty. The actual outcomes may therefore differ from the assumptions, and this may have a positive or negative effect on the value of the property in operation and, as a consequence, on the result.

Income tax
Deferred tax assets are included for unused tax losses to the extent it is probable that there will be tax profits available that the losses can be offset against. Significant estimates and assumptions are required to determine the amount of deferred tax assets that can be recognised, based on the probable timing and the level of the future taxable profits, along with future tax planning strategies. Further details on taxes are presented in *10 Income tax*.

Provision for expected credit losses
The Group employs a provisions matrix for the calculation of expected credit losses on receivables. The provision rates are based on the historical credit loss experience of the Group, corrected for forward-looking factors that are specific to the debtors and the economic environment.

Legal proceedings
As of 31 December 2019, there were no legal proceedings whose final outcome the Executive Board expects to result in a significant outflow of cash and cash equivalents and that as such would have a negative impact on the result. If the outcome of any legal proceedings should differ from the Executive Board's estimates, this might have a negative impact on the result.

The accounting principles for financial reporting under IFRS as endorsed by the European Union set out below have been applied consistently within the Group and for all periods presented in these consolidated financial statements.

2.3 Principles for consolidation

Subsidiaries
Subsidiaries are entities over which the Company has direct or indirect predominant control. The Company has predominant control if:

- it has power over the entity;
- it is exposed to or entitled to variable returns because of its involvement in the entity; and
- it has the option of using its predominant control over the entity to influence the size of these returns.

Every one of these three criteria must be satisfied before the Company is deemed to have predominant control over the entity in which it has an interest.

The financial statements of the subsidiaries are included in the consolidated statements from the date at which predominant control is first obtained until such time when control ceases. Once predominant control is obtained, all subsequent changes in ownership interests that do not involve the loss of that predominant control will be treated as transactions among shareholders. Goodwill is not recalculated or adjusted. Non-controlling interests are separately recognised in the balance sheet under equity. Non-controlling interests in the result of the Group are also recognised separately.

Transactions eliminated on consolidation
Balances within the Group and possible unrealised profits and losses on transactions within the Group, or income and expenditure from such transactions are eliminated in the presentation of the financial statements. Unrealised profits in respect of transactions with associates are eliminated proportionally to the interest that the Group has in the entity. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

Acquisitions of subsidiaries
The Group acquires subsidiaries that own property. At the time of acquisition, the Group assesses whether the acquisition must be designated as a business combination or as the purchase of an asset. The Group recognises the acquisition of a subsidiary as a business combination if the acquisition also involves acquiring an integrated series of activities. More specifically, account is taken of the degree to which significant processes are acquired and, in particular, the size of the services provided by the subsidiary. The costs of the acquisition of a business combination are valued at the fair value of the underlying assets, equity instruments issued and debts incurred or taken over at the time of transfer. Expenses incurred in realising a business combination (such as consultancy, legal and accountancy fees) are recognised in the profit and loss account. Acquired identifiable assets and (contingent) liabilities are initially recognised at fair value on the acquisition date. Goodwill is the amount by which upon its initial recognition the cost price of an acquired entity exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities. Changes in the purchase price after the acquisition date do not result in recalculation or adjustment of the goodwill. After initial recognition, the goodwill is valued at cost less any cumulative impairment losses. Goodwill is attributed to cash generating entities and is not amortised. Annually, or earlier if circumstances give cause, goodwill is assessed for impairment. Negative goodwill resulting from an acquisition is recognised directly in the profit and loss account. For associates, the book value of the goodwill is included in the book value of the investments in the associate in question. If the acquisition of a subsidiary does not qualify as an acquisition of a business combination, the acquisition is recognised as the acquisition of an asset. The expenses incurred in connection with the acquisition are capitalised in that case. Goodwill and deferred tax liabilities at the time of acquisition are not stated.

2.4 Foreign currencies

The items in the annual accounts of the separate entities of the Group are recognised in the currency of the principal economic location in which the entity operates (the ‘functional currency’). The currency of the main cash flows of the entity is taken into account in the determination of the functional currency. As a result, the euro is used as the functional currency in all foreign entities where the Group operates.

The consolidated financial statements are presented in euros, the Group’s reporting currency. In the preparation of the financial statements of the separate entities, transactions in foreign currencies are recognised at the exchange rate effective on the transaction date. Foreign currency results arising from the settlement of these transactions are recognised in the profit and loss account.

On the balance sheet date, monetary assets and liabilities in foreign currency are translated at the exchange rate effective on that date. Non-monetary assets and liabilities that are valued at fair value are translated at the exchange rate on the date on which the fair value was determined. Non-monetary assets and equity and liabilities valued at historical cost are translated at the historical exchange rate.

2.5 Property in operation

Property is immoveable property held in order to realise rental income, value increases or both. Property is classified as property in operation if the property is available for letting.

Acquisitions and divestments of immoveable property available for letting are included in the balance sheet as property or designated as divested at the time when the property is transferred by the seller or to the buyer and the buyer or the seller therefore has the property at its disposal. Upon initial recognition, the property is recognised at acquisition price plus costs attributable to the acquisition, including property transfer tax, property agency fees, due diligence costs, legal costs and civil-law notary costs, and is recognised at fair value on subsequent balance sheet dates.

Property in operation is stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives (see *2.7 Leases*). The fair value is based on market value (less the costs borne by the buyer, including property transfer tax and civil-law notary costs), i.e. the estimated value at which a property could be traded on the balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties acting prudently and without duress. The independent, certified appraisers are instructed to appraise the property in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards as published by the International Valuation Standards Council (IVSC). These guidelines contain mandatory rules and best practice guidelines for all RICS members and appraisers.
The appraisers use the discounted cash flow method and/or the capitalisation method for determining the market value. In the event that both methods are applied, the respective outcomes are compared. The market value established according to the discounted cash flow method is determined as the present value of the forecast cash flow for the next ten years and the end value which is calculated by capitalising the market rental value at the beginning of the eleventh year at a certain yield (capitalisation factor). The market value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a yield. The capitalisation factor is based on the yields of recent market transactions for comparable properties at comparable locations. Both methods take recent market transactions and differences between market rental value and contractual rental value, incentives provided to tenants, vacancy, operating expenses paid, the state of repair and future developments into account.
The valuation of the property is based on the most efficient and effective use.

In order to present the fair value on the balance sheet date in (interim) financial statements as accurately as possible the following system is used:

- Property in operation with an expected individual value exceeding € 2.5 million is appraised externally every six months.
- External appraisals of property with an expected individual value of € 2.5 million or less are carried out at least once per year, evenly spread across the six-month periods. For the periods that these properties are not appraised externally, the fair value of this property is determined internally.
- The external appraisers must be demonstrably properly certified and must have a good reputation and relevant experience pertaining to the location and the type of property. Furthermore, they must act independently, objectively and ethically.
- In principle, the external appraiser for a property is changed every three years.

Based on this method, approximately 90% of the total value of the property is effectively appraised externally every six months.

The remuneration of the external appraisers is based on a fixed fee per property and on the number of tenants per property.

Profits or losses resulting from a change in the fair value of a property in operation are entered in the profit and loss account under ‘Value movements in property in operation’ in the period in which they occur.

Profits and losses resulting from divestments of property are determined as the difference between net income from divestment and the latest published book value of the property and are recognised in the period in which the divestment takes place, and entered under ‘Net result on divestments of property’.

2.6 Tangible fixed assets

Tangible fixed assets mainly comprise assets held by the Group in the context of ancillary business operations, such as office furniture, computer equipment and vehicles. Tangible fixed assets are valued at cost less cumulative depreciation and any cumulative impairment losses. Depreciation is recognised in the profit and loss account using the straight-line method, taking account of the expected useful life and residual value of the assets in question. The expected useful life is estimated as follows:

• Office furniture and suchlike	5 years
• Computer equipment	5 years
• Vehicles	5 years

2.7 Leases

(a) The Group as a lessor

The Group concludes leases as a lessor of its property. Leases in which the Group is a lessor are classified as either financial or operating leases. When based on the conditions of the lease virtually all risks and benefits of ownership are transferred to the lessee, the contract is classified as a financial lease. All other leases are classified as operating leases. The Group lets all its property in the form of operational leases. Rental income from operating leases is recognised straight-line over the duration of the relevant lease. Initial direct costs incurred on obtaining an operating lease are added to the book value of the leased asset and recognised straight-line over the lease period. Rent-free periods, lease discounts and other lease incentives are recognised as an integral part of total gross rental income. If a contract contains both lease components and non-lease components, the Group applies IFRS 15 to allocate the fee based on the contract to each component. For more details, reference is made to *25 Leases*.

b) The Group as a lessee

The Group evaluates at the start of a contract whether a contract is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability for all leases in which it is a lessee, except for lease contracts with a lease period of 12 months or less and lease agreements for low-value assets, such as tablets and personal computers, small office furniture and telephones. For these lease contracts the Group recognises the lease payments straight-line as operating expenses for the duration of the lease, unless a different systematic basis is more representative for the time pattern in which the economic benefits of the leased assets are enjoyed. The lease liability is initially valued at the present value of the lease payments that were not paid on the effective date.

Lease payments included in the valuation of the lease liability in principle only comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated balance sheet and is determined by raising the book value by interest and by reducing the book value by the lease payments. The Group adjusts the lease liability and makes a corresponding adjustment to the related right-of-use asset when

- the lease period is changed.
- the lease payments change due to changes in an index.
- a lease contract is changed and the lease change in this case is not recognised as a separate lease.

In a limited number of cases the Group can be qualified as a lessee. This concerns a number of ground rent agreements and a number of lease contracts for offices that the Group leases for its organisation. The right-of-use assets related to these contracts comprise the initial valuation of the corresponding lease liability, less the lease payments made on or prior to the effective date, any incentives received and increased by any initial direct costs. The right-of-use assets related to the ground rent agreements are included under 'Property in operation' and are valued at fair value. These right-of-use assets are therefore not depreciated. The right-of-use assets concerning leases for the offices that the Group leases for its organisation are presented as a separate line in the balance sheet and are valued at cost less cumulative amortisation and value decreases.

Right-of-use assets are depreciated over the lease period or, if shorter, the useful life of the underlying assets. For more details, reference is made to *25 Leases*.

The Group applies IAS 36 to determine whether a right-of-use asset is subject to impairment and recognises any identified impairment loss correspondingly.

2.8 Financial derivatives

The Group uses financial interest rate derivatives to hedge interest rate risks resulting from its operating, financing and investing activities. In accordance with the treasury policy set by the Executive Board and the Supervisory Board, the Group neither holds nor issues derivatives for trading purposes. Financial derivatives are valued at fair value.

The fair value of financial interest rate derivatives is the amount the Group would expect to receive or to pay if the financial interest rate derivatives were to be terminated on the balance sheet date, taking into account the current interest rate and the actual credit risk of the particular counterparty or counterparties or the Group on the balance sheet date. The amount is determined on the basis of information from reputable market parties.

A derivative is classified as a current asset or short-term debt if the remaining term of the derivative is less than 12 months or the derivative is expected to be realised or settled within 12 months.

The value movements in the financial derivatives are reported in the profit and loss account.
The Group does not apply hedge accounting.

2.9 Assets held for sale

Assets and groups of assets are recognised under 'Assets held for sale' if it is expected that the book value will principally be realised by the sale of the assets within one year after recognition under 'Assets held for sale' and not as the result of the continued use thereof. This condition is only satisfied if the sale is very likely, the assets are available for immediate sale in their present condition and the Executive Board has prepared a plan for this.

Assets held for sale are recognised at fair value.

Profits or losses resulting from a change in the fair value of assets held for sale are entered in the profit and loss account under 'Value movements in assets held for sale' in the period in which they occur.

2.10 Debtors and other receivables

Debtors and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less expected credit losses. The expected credit losses on financial assets are determined on the basis of the expected credit loss method (ECL).
For the Debtors and other receivables the Group applies the simplified approach of calculation method for the ECLs on the basis of expected credit losses over the economic life. The Group has drawn up a provisions matrix that is based on the historical credit loss experience of the Group, corrected for forward-looking factors that are specific to the debtors and the economic environment.

2.11 Shareholders' equity

Shares are classified as shareholders' equity Vastned Retail shareholders. External costs directly attributable to the issuing of new shares, such as issuing costs, are deducted from the proceeds and consequently recognised in the share premium reserve. In the issue price of shares, account is taken of the estimated result for the current financial year attributable to the shareholders of the Company up to the issuing date. The result included in the issue price is added to the share premium reserve.

When repurchasing the Company's own shares, the balance of the amount paid, including directly attributable costs, is charged to the Other reserves.

No result is recognised in the profit and loss account upon the buyback, sale, issue or cancellation of the Company's own shares.

Dividends in cash are charged to the other reserves in the period in which the dividends are declared by the Company.

2.12 Income tax

Income tax comprises taxes currently payable and recoverable that are attributable to the reporting period and the movements in deferred tax assets and deferred tax liabilities. Income tax is recognised in the profit and loss account, except to the extent that it concerns items that are included directly in equity, in which case the taxes are recognised under equity. The taxes payable and offsettable for the reporting period are the taxes that are expected to be payable on taxable profit in the financial year, calculated on the basis of tax rates and tax legislation enacted or substantively enacted on the balance sheet date, and corrections to taxes payable for previous years. Additional income tax on dividend payments by subsidiaries is recognised as a liability when it is probable that the dividend in question will be distributed.

Deferred tax assets are recognised for income tax to be reclaimed in future periods relating to offsettable temporary differences between the book value and the tax-based book value of assets and liabilities and for the carry forward of unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and tax credits can be utilised. Deferred tax assets are only recognised if it is likely that the temporary differences will be settled in the near future and sufficient taxable profit will be available for settlement.

Deferred tax liabilities are recognised for income tax payable in future periods on taxable temporary differences between the book value of assets and liabilities and their tax-based book value.

For the valuation of deferred tax assets and liabilities, the tax rates are taken into account that are expected to apply in the period in which the receivable and/or liability will be settled, based on tax rates (materially) enacted on the balance sheet date. For the deferred tax assets and liabilities, the average tax rate is applied for the next three years in view of the uncertainty of the realisation of the book value of the property.

Deferred tax assets and liabilities are not discounted.

No deferred tax asset or liability is recognised for taxable temporary differences upon the initial recognition of an asset or liability in a transaction which is not a business combination and which has no impact on the result at the time of the transaction. Nor are any deferred tax liabilities recognised for taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are netted if there is a legally enforceable right to offset the tax assets and liability and when the deferred assets and liabilities concern the same tax regime.

2.13 Provisions in respect of employee benefits

Defined benefit pension plans
The Group's net liability in respect of defined benefit pension plans is calculated separately for each plan by estimating the pension rights employees have built up in return for their service during the reporting period and prior periods. The pension rights in respect of defined benefit pension plans are calculated at net present value at a discount rate less the fair value of the plan assets from which the liability is to be settled. The discount rate is the yield on the balance sheet date of high-quality corporate bonds with maturities approximating the liabilities of the Group. A certified external actuary employs the projected unit credit method for this calculation. This method takes into account, among other things, future employee salary increases and inflation.

If the pension entitlements based on a scheme are changed or if a scheme is curtailed, the ensuing change in entitlements in relation to past service or the gain or loss on that curtailment is recognised directly in the profit and loss account.

If the plan assets exceed the obligations, the recognition of the assets is limited to the present value of the economic benefits available in the form of any future refunds from the plan or lower future pension premiums.

The net interest is calculated by applying the discount rate to the net liability on the basis of defined benefit pension schemes. The interest is recognised in the profit and loss account under 'Financial expenses'. The service costs and administration costs are recognised in the profit and loss account under 'General expenses'.

Remeasurements, consisting of actuarial gains and losses, among other things, are reported in the Other comprehensive income.

Defined contribution pension plans
Commitments of the Group in respect of defined contribution pension plans are recognised as expenditure in the profit and loss account when the contributions fall due.

Long-term employee benefits
The liabilities based on long-term employee benefits are stated at the present value of the long-service bonuses to be paid to employees in the future. Movements in the liabilities are reported in the profit and loss account.

2.14 Other provisions
Provisions are recognised in the balance sheet if the Group has a legal or constructive obligation resulting from a past event, it is probable that the settlement of that liability requires an outflow of funds and the amount can be reliably measured. If the effect is material, provisions are recognised at the present value of the expenditure that is expected to be required for the settlement of the liability.

2.15 Interest-bearing debts
Upon initial recognition, interest-bearing debts are stated at fair value less the costs associated with the contracting of the interest-bearing debt. After their initial recognition, interest-bearing debts are stated at amortised cost, recognising any difference between the cost price and the debt to be repaid in the profit and loss account for the term of the debt based on the effective interest rate method. Interest-bearing debts with a term of more than one year are recognised under long-term liabilities. Any repayments on interest-bearing debts within one year are recognised under short-term liabilities.

Convertible bond loan
The convertible bond loan was a component of the interest-bearing debts. The fair value of the portion of the convertible bond loan designated as long-term interest-bearing loan was determined by discounting an equivalent non-convertible loan at the market interest rate. Upon initial recognition this amount was recognised as a liability, and subsequently valued at amortised cost. The remainder was designated as the equity component of the bond loan and recognised in equity.

Derecognition from the balance sheet
An interest-bearing debt is derecognised from the balance sheet when the interest-bearing debt is settled, annulled or cancelled. If an existing interest-bearing debt is replaced by another from the same lender at substantially different conditions, or the conditions of an existing interest-bearing debt are substantially changed, such a replacement or change is treated by derecognising the debt and recognising a new interest-bearing debt. The difference between the respective book values is reported in the profit and loss account.
In the event that the conditions of the interest-bearing debts are adjusted, but this does not result in the annulment of the interest-bearing debt, the difference between the respective book values is reported in the profit and loss account. This difference is calculated as the difference between the original contractual cash flows and the amended cash flows discounted at the original effective interest rate.

2.16 Other liabilities and accruals
Other liabilities and accruals are initially recognised at fair value and subsequently valued at amortised cost.

2.17 Net service charge expenses
Service charges are the expenses for power, doormen, garden maintenance, etc., which can be charged on to the tenant under the terms of the lease. The part of the service costs that cannot be charged on relates largely to vacant (units in) properties. The Company can be regarded as an agent. For this reason, the expenses and amounts charged on are not specified in the profit and loss account.

2.18 Operating expenses
Operating expenses are the costs directly related to the operation of the property, such as maintenance, management costs, insurance, allocation to the provision for uncollectible (rent) receivables and local taxes. These costs are attributed to the period to which they relate. Expenses incurred when concluding operating leases, such as commissions, are recognised in the period in which they are incurred.

2.19 Net financing costs
Net financing costs consist of interest expenses on interest-bearing debts attributable to the period, calculated on the basis of the effective interest rate method less capitalised financing costs on property and interest income on outstanding loans and receivables. Net financing costs also include gains and losses resulting from changes in the fair value of the financial derivatives. These gains and losses are recognised immediately in the profit and loss account.

2.20 General expenses
General expenses include personnel costs, housing costs, IT costs, publicity costs and the costs of external consultants and are recognised in the period in which they are incurred. Costs relating to the internal commercial, technical and administrative management of the property are attributed to operating expenses.

2.21 Cash flow statement
The cash flow statement is prepared based on the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Income and expenditure in respect of interest are recognised under cash flow from operating activities. Expenditure in respect of dividend is recognised under cash flow from financing activities.

2.22 Segmented information
A segment is a part of Vastned that carries out business operations that result in income and expenses. The operating results of the separate segments are assessed periodically by the Executive Board on the basis of confidential financial information; following this the Executive Board decides on the allocation of resources to the segments. As set out in the 2018 financial statements the transformation of the property portfolio has been completed, and for this reason as of 2019 no distinction is made between core city assets and mixed retail locations. The segmented information is still presented based on the countries where the property is located. These reporting segments are consistent with the segments used in the internal reports.

3 Segmented information

	Netherlands 2019	Netherlands 2018	France 2019	France 2018	Belgium 2019	Belgium 2018	Spain 2019	Spain 2018	Total 2019	Total 2018
Net rental income 1)	28,884	34,743	12,835	15,320	18,281	18,102	3,027	2,611	63,027	70,776
Value movements in property in operation	(4,605)	18,395	(43)	(8,487)	(10,762)	(7,114)	2,300	1,551	(13,110)	4,345
Value movements in assets held for sale	-	(250)	-	-	-	-	-	-	-	(250)
Net result on divestments of property	(486)	(12)	(40)	213	858	-	-	-	332	201
Total net income from property	**23,793**	**52,876**	**12,752**	**7,046**	**8,377**	**10,988**	**5,327**	**4,162**	**50,249**	**75,072**
Net financing costs									(17,583)	(17,168)
General expenses									(8,137)	(8,753)
Abortive purchase costs									-	(1,599)
Income tax									(604)	(3,958)
Result after taxes									**23,925**	**43,594**

1) As also stated in note 2.22, as of 2019 no distinction is made between core city assets and mixed retail locations. The segmented information is only presented based on the countries where the properties are located.

Property in operation	Netherlands 2019	Netherlands 2018	France 2019	France 2018	Belgium 2019	Belgium 2018	Spain 2019	Spain 2018	Total 2019	Total 2018
Balance as at 31 December	677,484	648,742	414,717	395,580	382,427	388,025	97,099	91,376	1,571,727	1,523,723
Right-of-use assets ground lease contracts (adjustment in respect of IFRS 16)	2,573	-	-	-	924	-	-	-	3,497	-
Balance as at 1 January	**680,057**	**648,742**	**414,717**	**395,580**	**383,351**	**388,025**	**97,099**	**91,376**	**1,575,224**	**1,523,723**
Acquisitions	13,749	16,635	-	28,005	-	-	-	4,172	13,749	48,812
Investments	1,320	1,532	460	889	643	1,516	-	-	2,423	3,937
Transferred from Assets held for sale	-	3,000	-	-	-	-	-	-	-	3,000
Transferred to Assets held for sale	(3,704)	(3,500)	-	-	(1,488)	-	-	-	(5,192)	(3,500)
Divestments	(3,770)	(7,320)	-	(1,270)	(863)	-	-	-	(4,633)	(8,590)
	687,652	659,089	415,177	423,204	381,643	389,541	97,099	95,548	1,581,571	1,567,382
Value movements	(4,605)	18,395	(43)	(8,487)	(10,762)	(7,114)	2,300	1,551	(13,110)	4,345
Balance as at 31 December	**683,047**	**677,484**	**415,134**	**414,717**	**370,881**	**382,427**	**99,399**	**97,099**	**1,568,461**	**1,571,727**
Accrued assets in respect of lease incentives	3,509	3,426	695	619	246	216	271	81	4,721	4,342
Total property in operation	**686,556**	**680,910**	**415,829**	**415,336**	**371,127**	**382,643**	**99,670**	**97,180**	**1,573,182**	**1,576,069**
Lease liabilities	(2,571)	-	-	-	(823)	-	-	-	(3,394)	-
Appraisal value as at 31 December	**683,985**	**680,910**	**415,829**	**415,336**	**370,304**	**382,643**	**99,670**	**97,180**	**1,569,788**	**1,576,069**
Other assets 2)	6,304	7,748	690	631	1,487	1,074	92	120	8,573	9,573
Not allocated to segments 3)									5,349	5,608
Total assets 4)	**690,289**	**688,658**	**416,519**	**415,967**	**371,791**	**383,717**	**99,762**	**97,300**	**1,583,710**	**1,591,250**
Liabilities	21,389	19,033	3,952	4,443	2,667	1,823	12,001	11,073	40,009	36,372
Not allocated to segments 5)									664,229	631,849
Total liabilities									**704,238**	**668,221**

2) The Assets held for sale are included in the Other assets.
3) The other assets not allocated to segments are primarily cash and cash equivalents and other receivables.
4) The difference between 'Total assets' in the table above and the total assets on the balance sheet concerns € 3,394 in lease liabilities for the reconciliation with the appraisal value.
5) The liabilities not allocated to segments virtually all concern the financing of the property portfolios in the different countries. The financing of the property portfolios is managed at the holding level. For this reason, segmenting this financing by country is not relevant.

4 Net rental income

	Gross rental income		Other income		Ground rents paid		Net service charge expenses		Operating expenses		Net rental income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Netherlands	32,568	38,189	-	-	-	(8)	(50)	(82)	(3,634)	(3,356)	28,884	34,743
France	13,642	16,291	272	368	-	-	(113)	(322)	(966)	(1,017)	12,835	15,320
Belgium	19,664	19,779	-	-	-	(116)	(80)	(90)	(1,303)	(1,471)	18,281	18,102
Spain	3,414	2,801	-	-	-	-	(1)	(7)	(386)	(183)	3,027	2,611
	69,288	**77,060**	**272**	**368**	**-**	**(124)**	**(244)**	**(501)**	**(6,289)**	**(6,027)**	**63,027**	**70,776**

The gross rental income 2018 in the Netherlands included a € 5.3 million buy-out payment received from a departing tenant.

Ground rents paid	2019	2018
Attributable to leased properties	-	121
Attributable to vacant properties	-	3
	-	**124**

Net service charge expenses	2019	2018
Attributable to leased properties	11	21
Attributable to vacant properties	233	480
	244	**501**

Operating expenses	2019	2018
Attributable to leased properties	5,956	5,834
Attributable to vacant properties	333	193
	6,289	**6,027**

Operating expenses	2019	2018
Maintenance	1,142	980
Administrative and commercial management 1)	2,772	3,082
Insurance	289	257
Local taxes	1,324	1,279
Letting costs	526	254
Allocation to the provision for expected credit losses (on balance)	45	(90)
Other operating expenses	191	265
	6,289	**6,027**

1) 4% of gross rental income, consisting of external and general expenses, which are attributed to operating expenses.

5 Value movements in property

	2019			2018		
	Positive	Negative	Total	Positive	Negative	Total
Property in operation	26,624	(39,734)	(13,110)	40,042	(35,697)	4,345
Assets held for sale	-	-	-	-	(250)	(250)
	26,624	**(39,734)**	**(13,110)**	**40,042**	**(35,947)**	**4,095**

6 Net result on divestments of property

	2019	2018
Sale price	12,240	71,265
Book value at time of divestment	(11,763)	(70,543)
	477	**722**
Sales costs	(106)	(569)
	371	**153**
Other	(39)	48
	332	**201**

For further explanation, see *14 Property in operation* and *15 Assets held for sale*.

7 Net financing costs

Interest income	2019	2018
Other interest income	(18)	(40)

Interest expense	2019	2018
Long-term interest-bearing loans	14,541	15,535
Short-term credits and cash loans	153	144
Lease liabilities	32	-
Other interest payable	188	172
	14,914	**15,851**
Total interest	**14,896**	**15,811**
Value movements in financial derivatives	2,953	1,473
Reclassification of unrealised results on financial derivatives from equity	(266)	(116)
	17,583	**17,168**

8 General expenses

	2019	2018
Personnel costs	6,259	6,634
Remuneration of Supervisory Board	181	181
Consultancy and audit costs	1,142	1,223
Appraisal costs	552	550
Accommodation and office costs	1,017	1,042
Other expenses	1,347	1,798
	10,498	**11,428**
Attributed to operating expenses	(2,361)	(2,675)
	8,137	**8,753**

Personnel costs

During 2019, Vastned employed an average of 39 employees (FTEs) (2018: 41), of which 22 in the Netherlands and 17 abroad (2018: 22 in the Netherlands and 19 abroad).

During the reporting year, € 4.4 million was recognised in salaries (2018: € 4.6 million), € 0.6 million in social security charges (2018: € 0.7 million), and € 0.2 million in pension contributions (2018: € 0.5 million).
The other personnel costs were € 1.1 million (2018: € 0.8 million).

Audit costs

The consultancy and audit costs include the costs shown below, which were charged by Ernst & Young Accountants LLP for work carried out for Vastned Retail N.V. and its subsidiaries.

	2019	2018
Audit fees	330	325
Audit-related fees	-	-
Other non-audit-related fees	8	8
	338	**333**

The fees stated above for auditing the financial statements are based on the costs reported in the profit and loss account. Of the audit costs, an amount of € 0.2 million (2018: € 0.2 million) concerned Ernst & Young Accountants LLP in the Netherlands. In addition to the statutory audit of the financial statements, Ernst & Young Accountants LLP performed the following non-prohibited services in 2019:

	2019
Reporting to the remuneration committee on the realisation of the bonus performance targets of the Executive Board - Short-Term Incentive	3
Reporting to the remuneration committee on the realisation of the bonus performance targets of the Executive Board - Long-Term Incentive	3
Reporting on compliance with bank covenants	2
	8

Other expenses

Other expenses include, inter alia, publicity costs and IT costs.

9 Abortive purchase costs

These costs concern the costs incurred in 2018 for the unsuccessful takeover bid on all shares in Vastned Retail Belgium NV that the company did not yet hold.

10 Income tax

Current income tax expense	2019	2018
Current financial year	682	529
Movement in deferred tax assets and liabilities		
In respect of:		
Value movements in property	513	2,319
Movement in other temporary differences	(254)	1,025
Movement in offsettable losses	(337)	85
	(78)	**3,429**
	604	**3,958**

The geographic distribution of the income tax is as follows:

	2019			2018		
	Current income tax expense	Movement in deferred tax assets and liabilities	Total	Current income tax expense	Movement in deferred tax assets and liabilities	Total
Netherlands	609	(1,091)	(482)	352	2,965	3,317
France	36	-	36	41	-	41
Belgium	50	210	260	51	(46)	5
Spain	(13)	803	790	85	510	595
	682	**(78)**	**604**	**529**	**3,429**	**3,958**

Reconciliation effective tax rate		2019		2018
Result after taxes		**24,529**		**47,552**
Income tax at Dutch tax rate	0.0%	-	0.0%	-
Effect of tax rates of subsidiaries operating in other jurisdictions	4.9%	1,207	7.7%	3,654
Changes in tax rates	(2.5%)	(603)	0.0%	-
Adjustment previous financial years	0.0%	-	0.6%	304
	2.4%	**604**	**8.3%**	**3,958**

The companies in the group are taxed in accordance with the tax rules in the country of establishment. Some countries have special tax regimes for property investments.

Dutch FII regime

In the Netherlands, Vastned and several subsidiaries constitute a tax entity which qualifies as a fiscal investment institution ('FII') for corporate income tax. As long as this tax entity continues to satisfy the conditions for qualifying as an FII, the tax entity's tax result is taxed at a corporate income tax rate of 0%. The majority of the Dutch property portfolio is held by this tax entity. The conditions of the FII regime mainly concern the investment character of the activities, the tax-based financing ratios, the composition of the shareholder base and the cash dividend distribution of the tax result within 8 months after the close of the financial year. Two Dutch companies that hold Dutch property are subject to the regular tax regime, which means that the income less interest, management fees and other expenses is taxed at the nominal corporate income tax rate of 25.00% (unchanged for 2020).

Belgian GVV regime

In Belgium, virtually the entire property portfolio is held by the regulated property company ('GVV') Vastned Retail Belgium NV. A GVV essentially has a tax-exempt status, so that no tax is payable in Belgium on the net rental income and capital gains realised there. The requirements for applying for regulated real estate company status are largely comparable to those for the Dutch FII regime.
One property is held by a company that is subject to the regular tax regime, which means that the income less interest, depreciation, management fees and other expenses is taxed at the nominal tax rate of 29.58% (as of 2020: 25.00%).

French SIIC regime (Société D'Investissements Immobiliers Cotées)

In France, the entire property portfolio is held by various French companies that are subject to the French SIIC regime. Under this tax regime no tax is payable on the net rental income and capital gains realised. The requirements of the SIIC regime are largely comparable to those for the Dutch FII regime.
The French management company is subject to the regular tax regime, which means that the taxable result, consisting of income less depreciation, interest and other expenses, is taxed at a nominal tax rate of 31.00% (as of 2020: 28.00%).

Spain

The property in Spain is held by regularly taxed companies. Depreciation, interest, management fees and other expenses are deducted from the taxable net rental income realised in these companies and the nominal tax rate of 25.00% is then applied (unchanged for 2020).

11 Result per share

	2019 Basic	2019 Diluted	2018 Basic	2018 Diluted
Result after taxes	22,435	22,435	41,095	41,095
Adjustment for effect of convertible bond loan	-	898	-	3,311
Result after taxes adjusted for effect of convertible bond loan	**22,435**	**23,333**	**41,095**	**44,406**

Average number of ordinary shares in issue	2019 Basic	2019 Diluted	2018 Basic	2018 Diluted
Balance as at 1 January	**17,894,592**	**17,894,592**	**18,186,800**	**18,186,800**
Effect of share buyback	(624,486)	(624,486)	(34,838)	(34,838)
Adjustment for effect of convertible bond loan	-	712,577	-	2,627,179
Average number of ordinary shares in issue	**17,270,106**	**17,982,683**	**18,151,962**	**20,779,141**

Per share (€)	2019 Basic	2019 Diluted	2018 Basic	2018 Diluted
	1.30	**1.30**	**2.26**	**2.14**

12 Dividend

On 7 May 2019, the final dividend for the 2018 financial year was made payable. The dividend was € 1.34 per share in cash. The dividend distribution totalled € 23.0 million.

On 20 August 2019, the interim dividend for the 2019 financial year was made payable. The interim dividend was € 0.58 per share in cash (total payout: € 9.9 million).

Based on this dividend policy and with due consideration for the conditions associated with the fiscal investment institution status within the meaning of Section 28 of the 1969 Dutch Corporation Income Tax Act and for the interim dividend already distributed, the Executive Board proposes that a final dividend be distributed for the 2019 financial year of € 1.47 per share in cash.

If the Annual General Meeting of shareholders of 16 April 2020 adopts the dividend proposal, the dividend will be made payable to shareholders on 4 May 2020. The dividend to be distributed has not been entered in the balance sheet as a liability.

13 Fair value

The fair value is the amount the Group would expect to receive on the balance sheet date if an asset is sold or to pay if a liability is transferred in an orderly transaction between market parties.

The assets and liabilities valued at fair value on the balance sheet are divided into a hierarchy of three levels:

- **Level 1:**
  The fair value is determined based on published listings in an active market
- **Level 2:**
  Valuation methods based on information observable in the market
- **Level 3:**
  Valuation methods based on information that is not observable in the market, which has a more than significant impact on the fair value of the asset or liability.

The table below shows according to which level the assets and liabilities of the Group valued at fair value are valued:

Assets valued at fair value	Level	2019 Book value	2019 Fair value	2018 Book value	2018 Fair value
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,573,182	1,573,182	1,576,069	1,576,069
Assets held for sale	3	1,575	1,575	3,500	3,500
Liabilities valued at fair value					
Long-term liabilities					
Long-term interest-bearing loans	2	580,427	584,046	475,638	477,523
Lease liabilities	2	3,698	4,891	-	-
Financial derivatives	2	2,678	2,678	5,031	5,031

All assets and liabilities valued at fair value were valued as of 31 December.

No assets or liabilities were reclassified with respect to levels in 2019 and 2018.

The fair value of the 'Long-term interest-bearing loans' and the 'Lease liabilities' is calculated as the present value of the cash flows based on the swap yield curve and credit spreads in effect at 31 December 2019.

The fair value of the 'Debtors and other receivables', 'Cash and cash equivalents', 'Guarantee deposits and other long-term liabilities', 'Payable to banks', 'Redemption of long-term interest-bearing loans', 'Short-term lease liabilities' and 'Other liabilities and accruals' is considered to be equal to the carrying amount because of the short-term nature of these assets and liabilities or the fact that they are subject to a floating interest rate. For this reason these items are not included in the table.

For an explanation of the valuation principles for the property in operation and the financial derivatives, reference is made to 2.5 *Property in operation* and 2.8 *Financial derivatives*.

The value of the Assets held for sale is determined on the basis of expected sales prices, which are based on draft contracts of sale or letters of intent.

14 Property in operation

The property in operation valued at fair value falls under 'level 3' in terms of valuation method.

Valuation of property

Key principles and assumptions used in determining the appraisal values of the property in operation:

	Netherlands	France	Belgium	Spain	Total
2019					
Appraisal value as at 31 December	683,985	415,829	370,304	99,670	1,569,788
Lease incentives yet to be granted as at the balance sheet	96	2,229	1,094	281	3,700
Market rent per m² (€)	312	825	218	1,117	337
Theoretical annual rent per m² (€)	322	748	234	1,050	340
Vacancy rate at end of reporting year	3.6	0.2	1.3	-	2.1
Weighted average lease term in years (until first break)	3.1	2.6	2.1	2.3	2.7
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**3.9**	**3.4**	**4.8**	**3.6**	**4.0**
2018					
Appraisal value as at 31 December	680,910	415,336	382,643	97,180	1,576,069
Lease incentives still to be granted as at the balance sheet	1,039	108	216	558	1,921
Market rent per m² (€)	304	833	211	1,104	327
Theoretical annual rent per m² (€)	306	792	226	1,036	330
Vacancy rate at end of reporting year	1.7	0.8	2.1	-	1.5
Weighted average lease term in years (until first break)	3.7	2.1	1.9	3.1	2.8
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**4.1**	**3.6**	**4.8**	**3.3**	**4.1**

The market rental value is the estimated amount for which a particular space can be let at a certain point in time by well-informed and independent parties who are prepared to enter into a transaction, both parties acting prudently and without duress.

The theoretical annual rental value is the gross annual rent exclusive of the effects of straight-lining lease incentives, increased by the annual market rental value of any vacant spaces.

The vacancy rate is calculated by dividing the estimated market rental value of the vacant spaces by the estimated market rental value of the total property portfolio.

The net yield is calculated by dividing the contractual gross rental income less the non-recoverable operating expenses by the market value of the property on an all-in basis.

A 25 basis point increase in the net yields used in the appraisal values would result in a decrease in the value of the property in operation by € 93.8 million or 6% (31 December 2018: € 91.9 million or 5.8%) and a 263 basis point increase in the loan-to-value ratio (31 December 2018: 241 basis points).

A decrease in the market rents of € 10 per m² would result in a decrease in the value of the property portfolio of € 44.8 million or 2.8% (31 December 2018: € 42.4 million or 2.7%) and a 122 basis point increase in the loan-to-value ratio (31 December 2018: 108 basis points).

As at 31 December 2019, 94.4% of the property in operation was appraised by independent certified appraisers (31 December 2018. 92.8%).

The independent certified appraisers who appraised the property in 2018 and 2019 were: CBRE and Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris and Crédit Foncier Expertise in Paris.

Property in operation

	2019	2018
Balance as at 31 December	1,571,727	1,523,723
Right-of-use assets ground lease contracts (adjustment in respect of IFRS 16)	3,497	-
Balance as at 1 January	**1,575,224**	**1,523,723**
Acquisitions	13,749	48,812
Capital expenditure	2,423	3,937
Transferred from Assets held for sale	-	3,000
Transferred to Assets held for sale	(5,192)	(3,500)
Divestments	(4,633)	(8,590)
	1,581,571	**1,567,382**
Value movements	(13,110)	4,345
Balance as at 31 December	**1,568,461**	**1,571,727**
Accrued assets in respect of lease incentives	4,721	4,342
Total property in operation	**1,573,182**	**1,576,069**
Lease liabilities	(3,394)	-
Appraisal value as at 31 December	**1,569,788**	**1,576,069**

The acquisitions made in 2019 were Ferdinand Bolstraat 85h, 85.1, 85.3, 85.4/1e Jan Steenstraat 89.3, Nes 67/Sint Barberenstraat 4 and Keizersgracht 233 in Amsterdam for a total amount of € 13.7 million (2018: € 16.6 million). No acquisitions were made in the other countries in 2019 (2018: France € 28.0 million, Belgium nil and Spain € 4.2 million). The acquisitions did not involve transactions that would classify as business combinations under IFRS 3.

The capital expenditure in 2019 involved improvements to a number of properties in the various countries.

The divestments in 2019 concerned 6 relatively small properties in the Netherlands (€ 3.7 million, 2018: € 7.3 million) and 1 property in Belgium (€ 0.9 million, 2018: nil). No divestments were made in France and Spain during 2019 (2018: France € 1.3 million, Spain nil).

A positive sales result was realised on these divestments compared to the most recent book value of € 0.6 million (2018: € 0.6 million positive). See also 6 *Net result on divestments of property* for the total sales result including the return realised on the assets held for sale.

In the Netherlands the value movements were slightly negative in 2019 (€ 4.6 million, 2018: € 18.4 million positive). In France, the value movements were virtually nil, whereby the asset at Rue de Rivoli 118-120 in Paris was written down by approx. € 7.4 million; this write-down was compensated almost entirely by the value movements of the other assets in France (2018: € 8.5 million negative). In Belgium, the value of the property portfolio fell by € 10.8 million (2018: € 7.1 million negative). In Spain, the value of the property portfolio saw a limited rise (2.3 million, 2018: € 1.5 million positive).

Accrued assets in respect of lease incentives

	2019	2018
Balance as at 1 January	4,342	2,639
Lease incentives granted	2,630	3,903
Charged to the profit and loss account	(2,238)	(2,200)
Transferred to Assets held for sale	(13)	-
Balance as at 31 December	**4,721**	**4,342**

The property does not serve as security for any loans obtained.

For further details on the property in operation, reference is made to 3 *Segment information* and the the overview *Property portfolio* included in the annual report.

15 Assets held for sale

	2019	2018
Balance as at 1 January	3,500	65,202
Transferred from Property in operation	5,192	3,500
Transferred to Property in operation	-	(3,000)
Transferred from Accrued assets in respect of lease incentives	13	-
Divestments	(7,130)	(61,952)
	1,575	**3,750**
Value movements	-	(250)
Balance as at 31 December	**1,575**	**3,500**

In 2019, six assets in the Netherlands and one asset in Belgium were sold (2018: four in the Netherlands, two in Belgium). A positive sales result was realised on these divestments of € 0.9 million (2018: € 0.4 million negative). As at 31 December 2019, two assets were being held for sale (31 December 2018: one asset).

16 Debtors and other receivables

	2019	2018
Debtors	4,699	4,129
Provision for expected credit losses	(1,062)	(1,284)
	3,637	**2,845**
Indirect taxes	583	757
Receivable from divestments	-	554
Prepayments	372	419
Other receivables	4,612	4,330
	9,204	**8,905**

The other receivables include items with a term in excess of one year with a total of € 0.1 million (2018: € 0.2 million).

17 Cash and cash equivalents

Cash and cash equivalents concern bank account credit balances with terms of less than three months. The cash and cash equivalents are freely available to the Company.

18 Shareholders' equity

The authorised share capital is € 375.0 million, divided into 75,000,000 ordinary shares of € 5.00 par value.

Vastned Retail shareholders' equity was € 46.28 per share as at 31 December 2019 (31 December 2018: € 46.40 per share).

The shareholders are entitled to receive the dividend declared by the Company and are entitled to cast one vote per share at the shareholders' meetings. In the event of a share buyback by Vastned in which the shares are not cancelled, these rights are suspended until such time when the shares are reissued.

Number of shares in issue	shares in issue	treasury shares	total
Balance as at 1 January 2018	18,186,800	849,846	19,036,646
Share buyback	(292,208)	292,208	-
Balance as at 31 December 2018	**17,894,592**	**1,142,054**	**19,036,646**
Share buyback	(742,616)	742,616	-
Balance as at 31 December 2019	**17,151,976**	**1,884,670**	**19,036,646**

Share buyback

On 19 October 2018, the Company announced it would repurchase own shares for a maximum of € 40.0 million. The programme was executed between 19 October 2018 and 17 April 2019. In this period 1,034,824 shares were purchased, 292,208 in 2018 and 742,616 in 2019. The buyback concerned a total amount of € 34.7 million including costs, of which € 9.8 million in 2018 and € 24.9 million in 2019. The repurchased shares will not be cancelled, but held as a temporary investment.

Equity component of convertible bond loan

Due to the fact that the holders of the convertible bond loan have not made use of their conversion right and the loan has been repaid, the equity component of € 4.1 million was transferred from the share premium reserve to the other reserves.

19 Deferred tax assets and liabilities

	1 January 2019 Liabilities	Movement in profit and loss account	Transferred to short-term liabilities	Reclassification	31 December 2019 Liabilities
Valuation differences in property	14,899	513	-	-	15,412
Offsettable losses	(296)	(337)	-	(80)	(713)
Other temporary differences	1,025	(254)	-	80	851
	15,628	**(78)**	**-**	**-**	**15,550**

	1 January 2018 Liabilities	Movement in profit and loss account	Transferred to short-term liabilities	Reclassification	31 December 2018 Liabilities
Valuation differences in property	12,812	2,319	(232)	-	14,899
Offsettable losses	(381)	85	-	-	(296)
Other temporary differences	-	1,025	-	-	1,025
	12,431	**3,429**	**(232)**	**-**	**15,628**

The deferred tax assets and liabilities as at 31 December 2019 concern the Netherlands, Spain and Belgium.

The offsettable losses relate to the Netherlands and Spain. The offsettable losses in Spain can be carried forward indefinitely. € 70 thousand of the offsettable losses in the Netherlands can be set off against taxable profits up to the end of 2024; the remainder can be carried forward indefinitely.

The deferred tax assets and tax liabilities are related to the difference between the balance sheet value and the tax-based book value of the property. Due to uncertainty about the time of realisation of the book value of the property, for the determination of the deferred tax liabilities the average tax rate for the next three years is used.

As at the balance sheet date, there was another € 8.6 million (2018: € 8.9 million) in unused tax losses in France (€ 7.4 million) and Belgium (€ 1.2 million). In view of the expectation that based on the present structure these unused tax losses cannot be set off against taxable profits in the near future, no deferred tax asset was recognised. The tax losses can be carried forward in time indefinitely.

20 Provisions in respect of employee benefits

Until 31 December 2019 Vastned has a pension plan in place for its employees in the Netherlands that qualified as a defined benefit pension plan. This pension plan was fully reinsured with Nationale-Nederlanden Levensverzekering Maatschappij N.V. and concerned a conditionally indexed career average scheme. An unconditional indexation of a maximum of 2% per year applied, and still applies, to a small group of employees. The provision for the defined benefit liabilities concerns the unconditional indexation up to and including 31 December 2019.
As of 1 January 2020 Vastned has a pension plan for its employees that qualifies as a defined contribution pension plan. The unconditionally index-linked career average plan remains in place, but access to it has been closed. The pension plans for the employees in other countries where Vastned has branches may also be qualified as defined contribution pension plans.

Mercer (Nederland) B.V. has made the following assumptions for the actuarial calculations for the defined benefit pension plans:

	31/12/2019	31/12/2018
Discount rate	1.50%	2.30%
Expected rate of salary increases (age-dependent)	2.00%	0.00% - 5.00%
Future pension increases	0.00% - 1.80%	0.00% - 1.80%
Inflation (annual):	1.80%	1.80%

Movements in the present value of defined benefit pension obligations were as follows:

	Present value of defined benefit pension obligations		Fair value of plan assets		Net obligation in respect of employee benefits	
	2019	2018	2019	2018	2019	2018
Balance as at 1 January	24,120	24,359	18,833	18,944	5,287	5,415
Reported in the profit and loss account						
Service cost	382	392	-	-	382	392
Past service cost	(288)	-	-	-	(288)	-
Interest	550	531	434	417	116	114
Administrative costs	-	-	(40)	(40)	40	40
Total reported in the profit and loss account	**644**	**923**	**394**	**377**	**250**	**546**
Reported in other comprehensive income						
Effect of adjustment to demographic assumptions	(69)	(269)	-	-	(69)	(269)
Effect of adjustment to discount rate	4,490	(517)	-	-	4,490	(517)
Effect of experience adjustment	99	-	-	-	99	-
Effect of changes in financial assumptions	-	-	3,546	(527)	(3,546)	527
Total reported in other comprehensive income	**4,520**	**(786)**	**3,546**	**(527)**	**974**	**(259)**
Contributions and benefits paid						
Contribution paid by employer	-	-	502	415	(502)	(415)
Contribution paid by employees	40	39	40	39	-	-
Benefits paid	(413)	(415)	(413)	(415)	-	-
Total contributions and benefits	**(373)**	**(376)**	**129**	**39**	**(502)**	**(415)**
Balance as at 31 December	**28,911**	**24,120**	**22,902**	**18,833**	**6,009**	**5,287**
Long-term personnel benefits					83	75
Total					**6,092**	**5,362**

As stated earlier, the pension plan has been fully reinsured with Nationale-Nederlanden Levensverzekering Maatschappij N.V. For this reason, the fund investments consist entirely of insurance contracts.

The amounts recognised in the profit and loss account in respect of the defined benefit plans and the defined contribution plans are as follows:

	2019	2018
Service cost	382	392
Past service cost	(288)	-
Net interest	116	114
Administrative costs	40	40
	250	**546**
Defined contribution pension plans	123	124
	373	**670**

Vastned expects to contribute a total of € 0.2 million to the defined benefit pension plans in 2020. Vastned expects to contribute a total of € 0.5 million to the defined contribution pension plans in 2020.

Sensitivity analysis

The table below contains the sensitivity analysis for the effect of a 25-basis-point change in the discount rate:

	minus 25 basis points	discount rate used	plus 25 basis points
	1.25%	1.50%	1.75%
Present value of defined benefit pension obligations	30,521	28,911	27,415

21 Interest-bearing debts

As at 31 December, the interest-bearing debts consisted of:

	2019				2018			
	Remaining term				Remaining term			
	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Long-term interest-bearing debts								
Unsecured loans:								
• fixed interest [1)]	344,826	99,790	444,616	1.99	242,133	160,126	402,259	2.63
• floating interest	135,811	-	135,811	1.42	73,379	-	73,379	1.29
Total long-term interest-bearing loans	**480,637**	**99,790**	**580,427**	**1.86**	**315,512**	**160,126**	**475,638**	**2.42**
Lease liabilities	849	2,849	3,698	2.34	-	-	-	-
Total long-term interest-bearing debts	**481,486**	**102,639**	**584,125**		**315,512**	**160,126**	**475,638**	
Short-term interest-bearing debts								
Payable to banks			8,283	1.25			6,020	1.25
Redemption of long-term interest-bearing loans			62,470	5.38			25,000	4.93
Redemption convertible bond loan			-	-			109,661	2.27
Short-term lease liabilities			320	1.37			-	-
Total short-term interest-bearing debts			**71,073**				**140,681**	
Total interest-bearing debts			**655,198**				**616,319**	

1) Including the part that was fixed by means of interest derivatives.

In January 2019 Vastned placed a long-term bond loan of € 50.0 million with a 7-year duration at a coupon of 2.73% with Pricoa Capital Group.
At the end of September 2019, Vastned placed a new € 40.0 million bond loan with Barings. The bond loan has a 5-year duration at a coupon of 1.71%.
Furthermore, Vastned has drawn down an additional amount of € 77.3 million from its existing credit facilities. This amount was used in conjunction with the new loans to refinance loans that had matured, including the convertible bond loan of € 110.0 million that was redeemed in April 2019. In July 2019, Vastned extended the duration of its existing € 325.0 million syndicated loan facility by one year to 12 September 2024.
In the third quarter of 2019 Vastned Retail Belgium exercised the extension option for the € 65.0 million Revolving Credit Facilities, extending the term of this credit facility by one year at the same conditions.

For the floating interest rate loans, Vastned pays an interest consisting of the Euribor-based market interest plus an agreed margin, on the understanding that the Euribor market interest rate may not be negative.

A positive/negative mortgage covenant was issued for the unsecured loans. In addition, a number of lenders have set conditions regarding the solvency and interest coverage, as well as changes in the control of the Company and/or its subsidiaries. Vastned fulfilled these conditions as at 31 December 2019. Please see 23 *Financial instruments* for more details on the conditions set by the lenders.

As at 31 December 2019, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 715.4 million (31 December 2018: € 760.1 million).
The unused credit facility of the long-term interest-bearing loans was € 72.6 million as at 31 December 2019 (31 December 2018: € 149.8 million).

The average term of the long-term interest-bearing loans was 4.9 years (31 December 2018: 4.7).

The average interest rate of the long-term interest-bearing loans in 2019 was 2.24% (2018: 2.56%).

For more details of the lease liabilities, reference is made to 25 *Leases*.

The item 'Payable to banks' concerns short-term credits and cash loans.
By way of security for the credit facilities, it has been agreed with the lenders that, subject to an agreed threshold, property will only be mortgaged on behalf of third parties subject to the lender's approval.

The amounts payable to banks are payable at the lenders request within one year.
Vastned pays an interest consisting of the market interest plus an agreed margin, on the understanding that the Euribor market interest rate may not be negative.
The average interest rate in 2019 was 1.18% (2018: 1.35%).
Where the Company operates a cash pooling arrangement, the cash and amounts payable to banks are set off against each other.

The total credit facility of the 'payable to banks' item as at 31 December 2019 was € 54.6 million (31 December 2018: € 54.6 million).
The unused credit facility of the 'payable to banks' item was € 46.3 million as at 31 December 2019 (31 December 2018: € 48.6 million).

Movements in the interest-bearing debts were as follows:

				Cash entries		Non-cash entries		
	31 December 2018	adjustment in respect of IFRS 16	1 January 2019	interest-bearing loans drawn down	Interest-bearing loans redeemed	Application of effective interest method	Other movements 1)	31 December 2019
Long-term interest-bearing loans	475,638	-	475,638	166,775	-	484	(62,470)	580,427
Long-term lease liabilities	-	4,053	4,053	-	(78)	-	(277)	3,698
Payable to banks	6,020	-	6,020	2,263	-	-	-	8,283
Redemption of long-term interest-bearing loans	25,000	-	25,000	-	(25,000)	-	62,470	62,470
Redemption convertible bond loan	109,661	-	109,661	-	(110,000)	339	-	-
Short-term lease liabilities	-	360	360	-	(360)	-	320	320
	616,319	**4,413**	**620,732**	**169,038**	**(135,438)**	**823**	**43**	**655,198**

1) The other movements mainly concern the reclassification of the portion of the long-term interest-bearing debts due within one year.

			Cash entries		Non-cash entries		
		1 January 2018	interest-bearing loans drawn down	Interest-bearing loans redeemed	Application of effective interest method	Other movements 1)	31 December 2018
Long-term interest-bearing loans		609,829	49,805	(51,016)	1,681	(134,661)	475,638
Long-term lease liabilities		-	-	-	-	-	-
Payable to banks		7,227	-	(1,207)	-	-	6,020
Redemption of long-term interest-bearing loans		18	-	(18)	-	25,000	25,000
Redemption convertible bond loan		-	-	-	-	109,661	109,661
Short-term lease liabilities		-	-	-	-	-	-
		617,074	**49,805**	**(52,241)**	**1,681**	**-**	**616,319**

1) The other movements mainly concern the reclassification of the portion of the long-term interest-bearing debts due within one year.

22 Other liabilities and accruals

	2019	2018
Accounts payable	379	1,615
Investment creditors	294	626
Dividend	24	24
Indirect taxes	2,339	2,089
Prepaid rent	6,153	6,189
Service charges	121	240
Interest	2,942	2,828
Operating expenses	877	745
Other liabilities and accruals	7,427	7,668
	20,556	**22,024**

23 Financial instruments

A Financial risk management

For the realisation of its targets and the exercise of its day-to-day activities, Vastned has defined a number of financial conditions to mitigate the financing and refinancing risks, liquidity risk, interest rate risk and currency risk. These conditions have been laid down inter alia in the financing and interest rate policy memorandum, which is updated annually, and in the treasury regulations. Quarterly reports on these risks are submitted to the Audit and Compliance Committee and the Supervisory Board.

A summary is given below of the main conditions aimed at mitigating these risks.

Credit risk

Vastned's principal financial assets consist of cash and cash equivalents, debtors and other receivables, and receivables related to financial derivatives entered into.

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks with at least an investment grade rating.

The credit risk associated with the financial derivatives entered into is limited by only concluding transactions with reputable financial institutions with at least an investment grade rating.

The credit risk attributable to the debtors is limited by carefully screening potential tenants in advance. Security is also required from tenants in the form of guarantee deposits or bank guarantees and rents are paid in advance. On every reporting date the provision for expected credit losses is determined based on a provisions matrix. The provision rates are applied per country and per age category, and are based on the historical credit loss experience of the Group, corrected for forward-looking factors that are specific to the debtors and the economic environment. Account is also taken of the bank guarantees provided by the tenants and the guarantee deposits paid by tenants. Receivables are generally written off when an insolvency practitioner or a lawyer charged with collecting the receivable has confirmed in writing that the receivable is irrecoverable.

The table below presents the amounts for which the Group runs a credit risk on debtors, as well as the provision for expected credit losses as at 31 December:

	2019			2018		
	Gross amounts	Provision for expected credit losses	Net amounts	Gross amounts	Provision for expected credit losses	Net amounts
Not yet due	2,608	-	2,608	2,340	-	2,340
Overdue by less than 30 days	392	1	391	198	26	172
Overdue by between 31 and 90 days	93	-	93	25	15	10
Overdue by between 91 days and one year	468	102	366	290	105	185
Overdue by more than one year	1,138	959	179	1,276	1,138	138
	4,699	**1,062**	**3,637**	**4,129**	**1,284**	**2,845**

Movements in the provision for expected credit losses were as follows:

	2019	2018
Balance as at 1 January	1,284	1,558
Allocation to the provision	45	(90)
Write-off for doubtful debtors	(267)	(184)
Balance as at 31 December	**1,062**	**1,284**

Receivables are recognised after a deduction of a provision for expected credit losses.

Since the tenant base consists of a large number of different parties, there is no credit risk concentration.

Financing and refinancing risks

Investing in property is a capital-intensive activity. The property portfolio is financed partly with equity and partly with loan capital. If loan capital accounts for a large proportion of the financing, there is a risk when returns are less than expected or the property decreases in value that the interest and/or repayment obligations on the loans and/or other payment obligations can no longer be met. In that case, it will be more difficult to secure loan capital or to realise refinancing, or at less favourable conditions. To limit this risk, VastNed Retail's principle is to limit loan capital financing to approximately 35-45% (2018: 35%-45%) of the market value of the property. At year-end 2019, this ratio was 41.6% (year-end 2018: 39.0%). In line with these targets, solvency ratios and interest coverage ratios have been agreed in virtually all of the credit agreements with lenders. In the event that the limits of the solvency rates and interest coverage rates agreed with the lenders are not met, this constitutes an 'event of default'; in this case the lenders are entitled to terminate the credit agreements. In addition, Vastned Retail aims to secure access to the capital market through transparent information provision, regular contacts with financiers and (potential) shareholders, and by increasing the liquidity of the Vastned share. Finally, the aim with regard to long-term financing is to have a balanced spread of refinancing dates and a weighted average duration of at least 3.0 years.

At year-end 2019, the weighted average duration of the long-term interest-bearing loans was 4.9 years (31 December 2018: 4.7 years).

At year-end 2019, the solvency ratio, calculated by taking equity plus the provision for deferred tax liabilities divided by the balance sheet total, was 56.6% (31 December 2018: 59.0%), which is within the solvency ratios of at least 45% as agreed with lenders.

The interest coverage ratio for 2019 was 4.2 (2018: 4.5) (calculated by taking net rental income and dividing by net financing costs (excluding value movements in financial derivatives)), which was well above the 2.0 ratio agreed with lenders.

Liquidity risk

Vastned must generate sufficient cash flows in order to be able to meet its day-to-day payment obligations. On the one hand, this is realised by taking measures aimed at high occupancy rates and by preventing financial loss caused by tenants going out of business. On the other hand, Vastned aims for sufficient credit room to absorb fluctuations in liquidity needs. Liquidity management is centralised in the Netherlands, where most of the foreign subsidiaries' bank accounts have been placed in cash pooling schemes.

At year-end 2019, Vastned had € 54.6 million (31 December 2018: € 54.6 million) in short-term credit facilities available, of which it had drawn down € 8.3 million (31 December 2018: € 6.0 million). The unused credit facility of the long-term interest-bearing loans was € 72.6 million as at 31 December 2019 (31 December 2018: € 149.8 million). The total unused credit facility as at 31 December 2019 therefore was € 118.9 million (31 December 2018: € 198.4 million).

The table below shows the financial liabilities, including the estimated interest benefit paid [1]:

	31 December 2019				
	Balance sheet value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Long-term interest-bearing loans	580,427	629,038	9,331	517,480	102,227
Long-term lease liabilities	3,698	7,805	-	884	6,921
Financial derivatives (long-term liabilities)	2,678	5,094	1,043	3,759	292
Payable to banks [2]	8,283	8,291	8,291	-	-
Redemption of long-term interest-bearing loans [2]	62,470	65,151	65,151	-	-
Short-term lease liabilities	320	345	345	-	-
Other liabilities and accruals	20,556	20,556	20,556	-	-
	678,432	**736,280**	**104,717**	**522,123**	**109,440**

1) The interest rate for the long-term interest-bearing loans with a floating interest rate is based on the Euribor market rates in effect on 1 January 2020 or 1 January 2019.
2) Including interest up to the next due date or interest review date.

	Balance sheet value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	31 December 2018				
Long-term interest-bearing loans	475,638	514,538	9,242	342,053	163,243
Long-term lease liabilities	-	-	-	-	-
Financial derivatives (long-term liabilities)	5,031	9,263	1,893	7,111	259
Payable to banks 2)	6,020	6,025	6,025	-	-
Redemption of long-term interest-bearing loans 2)	134,661	136,641	136,641	-	-
Short-term lease liabilities	-	-	-	-	-
Other liabilities and accruals	22,024	22,024	22,024	-	-
	643,374	688,491	175,825	349,164	163,502

2) Including interest up to the next due date or interest review date.

Interest rate risk
The interest rate risk policy aims to mitigate the interest rate risks arising from the financing of the property portfolio while optimising net interest expenses paid. This policy translates into a loan portfolio composition in which in principle at least two thirds of the loans have fixed interest rates. There may be temporary deviations from this principle depending on the developments in interest rates. Furthermore, the aim is to have a balanced spread of the interest rate review dates within the long-term loan capital portfolio and a typical minimum interest rate term of 3 years. At least once per quarter, a report on the interest rate and financing and refinancing risks is submitted to the Audit and Compliance Committee and the Supervisory Board.

Vastned mitigates its interest rate risk on the one hand by raising fixed-interest long-term loans, and on the other by making use of financial derivatives (interest rate swaps), swapping the floating interest rate it pays on part of its loans for a fixed interest rate.

The Group does not apply any hedge accounting and recognises the value movements in all interest rate derivatives entered into by the Group in the profit and loss account.

At year-end 2019, the interest rate risk on loans with a nominal value of € 220.0 million (31 December 2018: € 205.0 million) was hedged by means of interest rate swaps. To this end, contracts have been concluded with fixed interest rates ranging from 0.1235% negative to 1.094% positive (31 December 2018: 0.485% positive to 1.094% positive) (excluding margins) and expiry dates ranging from 31 July 2023 to 12 September 2025 (31 December 2018: 29 July 2022 to 31 July 2024).
In 2019 interest rate swaps with a nominal value of € 135.0 million were unwinded, whereby the € 5.3 million negative value of these derivatives was paid. New interest rate swaps with a nominal value of € 150.0 million were then agreed at the current market rent with expiry dates up to 12 September 2025. In addition, in 2019 the duration of interest rate swaps with a nominal value of € 30.0 million at Vastned Retail Belgium was extended to 31 July 2024.

The market value of the interest rate swaps was € 2.7 million negative at year-end 2019 (31 December 2018: € 5.0 million negative). This negative market value, which on the expiry date will be nil, will be charged to the consolidated profit and loss account for the remaining term of these interest rate swaps, unless it is decided to settle these interest rate swaps before the expiry dates.

Taking the abovementioned interest rate swaps into account, of the total long-term interest-bearing loans of € 580.4 million (31 December 2018: € 475.6 million), € 444.9 million (31 December 2018: € 402.3 million) had a fixed interest rate (see 23 B *Summary of expiry dates and fixed interest rates on long-term interest-bearing loans*).

The interest rate swaps are settled on a quarterly basis. The floating interest rate is based on the 3-month Euribor rate. The differences between the floating rate and the agreed fixed interest rate are settled at the same time.

The average term of the long-term interest-bearing loans calculated in fixed interest periods was 4.7 years (31 December 2018: 3.5).

Interest rate sensitivity
As at 31 December 2019, the impact on the interest expense of a hypothetical 100-basis-point increase in interest rates - all other factors remaining equal - would be € 0.3 million negative (31 December 2018: € 0.1 million negative). Should interest rates decrease by 50 basis points as at this date – all other factors remaining equal – the impact on the interest expense would be € 0.8 million negative (31 December 2018: € 0.7 million negative). As several loans contain a clause stipulating that the interest rate may not be negative, a 50-basis-point decrease in interest rates would have a negative impact on the interest expense. The developments take into account the financial derivatives entered into.

Currency risk
All Vastned's investments are located in the eurozone countries. Consequently, the company is not exposed to a currency risk.

B Summary of expiry dates and fixed interest rates on long-term interest-bearing loans

	2019			2018		
	Contract review	Interest review	Average interest rate 1)	Contract review	Interest review	Average interest rate 1)
2020	-	-	-	62,133	62,133	5.41
2021	-	-	-	-	-	-
2022	-	-	-	-	30,000	1.94
2023	15,000	15,000	1.85	253,379	15,000	1.85
2024	465,724	180,176	1.95	110,310	245,313	2.14
2025 and beyond	99,703	249,703	2.03	49,816	49,813	2.19
Total long-term interest-bearing loans with a fixed interest rate	580,427	444,879	1.99	475,638	402,259	2.63
Long-term interest-bearing loans with a floating interest rate	-	135,548	1.42	-	73,379	1.29
Total long-term interest-bearing loans	580,427	580,427	1.86	475,638	475,638	2.42

1) Including interest rate swaps and credit spreads in effect at year-end 2019 and 2018.

C Overview of fair value interest rate derivatives

	2019		2018	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	-	2,678	-	5,031

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2019		2018	
	Fair value interest rate derivatives	Carrying amount loans	Fair value interest rate derivatives	Carrying amount loans
Interest rate swaps < 1 year	-	-	-	-
Interest rate swaps 1-2 years	-	-	-	-
Interest rate swaps 2-5 years	(2,379)	70,000	(1,263)	45,000
Interest rate swaps > 5 years	(299)	150,000	(3,768)	160,000
	(2,678)	220,000	(5,031)	205,000

For the purposes of the valuation method, the interest rate derivatives are classed under 'level 2'. The fair value of the derivatives is determined with reference to information from reputable financial institutions, which is also based on directly and indirectly observable market data. For verification purposes, this information is compared to internal calculations made by discounting cash flows based on the market interest rate for comparable financial derivatives on the balance sheet date. When determining the fair value of financial derivatives the credit risk of the Group or counterparty is taken into account.

24 Rights and obligations not recorded in the balance sheet

In the past companies have been acquired that owned property. These acquisitions were recognised as a takeover of assets. The provisions for deferred tax liabilities not recorded in the balance sheet totalled € 13.5 million (2018: € 13.3 million).

In 2016, Vastned Projecten, a subsidiary of Vastned, sold the company Vastned Lusitania Investimentos Imobiliários, S.A. (Lusitania), the owner of the property located in Portugal, to Prowinko Portugal S.A. In addition to the guarantees customary in such transactions, indemnities were also provided to the buyer for some amounts not paid to the owners' associations by Lusitania and for some tax positions. As the parent company, Vastned Retail has stood as guarantor to the parent companies of the buyer for the payment obligations of Vastned Projecten under this purchase agreement. The customary guarantees and the indemnification for the amounts not paid to the owners' associations by Lusitania expired on 2 June 2019 without the buyer having invoked them. The tax guarantees and indemnifications will expire upon expiry of the statutory periods for additional assessments for the particular year. The longest running term still outstanding concerns the 2016 calendar year, which will expire on 31 December 2020. Vastned does not expect any effect to be significant.

In 2017, Vastned transferred all shares in the company Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş., owner of the property located in Istanbul, Turkey, to a group of local private investors. The guarantees customary in such transactions were given to the buyer. The customary guarantees expired on 10 April 2018 without the buyer having invoked them. The tax indemnifications will expire upon expiry of the statutory periods for additional assessments for the particular year. The longest running term still outstanding concerns the 2017 calendar year, which will expire on 31 December 2022. Vastned does not expect any effect to be significant.

25 Leases

The Group as lessor

Vastned lets its property in the form of operational leases.

Based on the current contract rent, the future minimum income from non-cancellable operating leases is as follows:

	2019	2018
Within one year	65,362	66,823
One to five years	115,335	127,779
More than five years	11,624	15,774
	192,321	**210,376**

In the Netherlands leases are usually concluded for a period of five years, the tenant having one or more options to extend the lease for five years. Annual rent increases are based on the cost-of-living index.

In France, lease contracts are normally concluded for a period of at least nine years, whereby the tenant has the option of renewing or terminating the lease every three years. Depending on the contract, rents are adjusted annually based on the cost-of-construction index (CCI) or based on a mix of the construction cost index, the cost-of-living index and retail prices (ILC).

In Belgium leases are normally concluded for a period of nine years, with early termination options after three and six years. Annual rent adjustments are based on the cost-of-living index.

In Spain leases are normally concluded for a minimum period of five years. Annual rent adjustments are based on the cost-of-living index.

The Group as a lessee

In a limited number of cases the Group is a lessee. This concerns a number of ground rent agreements and a number of lease contracts for offices that the Group leases for its organisation.

The durations of the leases for offices that the Group leases for its organisation range from five to nine years, and generally contain an extension option for a period of five years. Annual rent adjustments are based on the cost-of-living index. There are no residual value guarantees, nor are there any leases that have not yet become effective but that the Group has bound itself to.
The additions to the right-of-use assets in 2019 were € 15 thousand.
The depreciation of the right-of-use assets was € 239 thousand; it was included in the general expenses.

The costs related to leases for low-value assets were less than € 1 thousand.

There are no leases with a lease period of 12 months or less, or with variable lease payments that are not dependent on an index or a share price.

There is no income from subleases, nor were any profits made or losses incurred from sale-and-leaseback constructions.

Based on the current contract rent, the future minimum lease payments from non-cancellable operating leases are as follows:

	2019			2018		
	ground rents	rent	total	ground rents	rent	total
Within one year	126	219	345	124	265	389
One to five years	498	386	884	495	593	1,088
More than five years 1)	6,887	34	6,921	6,996	85	7,081
	7,511	**639**	**8,150**	**7,615**	**943**	**8,558**

1) The ground rent agreements include an agreement for a parcel of land in Amsterdam whose term, taking the contractual renewal options into account, is infinite. The annual ground rent is € 63 thousand, and has been bought off until 16 August 2032. In the payment obligations of more than five years, a 100-year period has been assumed.

26 Events after balance sheet date

No events have taken place after the balance sheet date that affect the consolidated financial statements.

27 Related party transactions

The following are designated as related parties: controlling shareholders, subsidiaries, Supervisory Board members and members of the Executive Board.

To the Company's best knowledge, no property transactions were effected during the year under review involving persons or institutions that could be regarded as related parties.

Interests of major investors

At at year-end 2019, the Netherlands Authority for the Financial Markets (AFM) had received the following reports from shareholders with an interest in the Company's share capital exceeding three percent:

Van Herk Investments B.V.	24.98%
BlackRock, Inc.	4.54%
Baillie Gifford & Co	3.04%
Société Fédérale de Participations et d'Investissement (SFPI)	3.02%

Subsidiaries

For an overview of the subsidiaries and participating interests, reference is made to 28 *Subsidiaries* and the chapter *Corporate Governance* in the Report of the Executive Board.

Transactions as well as internal balances and income and expenditure between the Company and its subsidiaries are eliminated in the consolidation and not disclosed in the notes.

Supervisory board members and members of Executive Board

During the 2019 financial year none of the members of the Supervisory Board and Executive Board had a personal interest in the investments of the Company.

Remuneration and shareholding of the Supervisory Board

	Remuneration 2019	Share ownership year-end 2019	Remuneration 2018	Share ownership year-end 2018
M.C. van Gelder	53	7,100	53	7,100
M. Bax	43	-	43	-
C.M. Insinger	44	-	44	-
J.G. Blokhuis (as of 18 April 2019)	29	1,000	-	-
J.B.J.M. Hunfeld (until 19 April 2019)	12	n/a	41	1,400
	181	**8,100**	**181**	**8,500**

Remuneration and shareholding of the Executive Board

2019

	Fixed remuneration	Bonus for 2019 payable in 2020	Pension costs	Social security charges	Total	Share ownership year-end 2019
T.T.J. de Groot	460	178	85	11	734	73,076
R. Walta	322	128	60	11	521	2,000
	782	**306**	**145**	**22**	**1,255**	**75,076**

2018

	Fixed remuneration	Bonus for 2018 payable in 2019	Pension costs	Social security charges	Total	Share ownership year-end 2019
T.T.J. de Groot	460	324	85	11	880	69,851
R. Walta	308	217	58	11	594	2,000
	768	**541**	**143**	**22**	**1,474**	**71,851**

Taco de Groot achieved 38.5% of his Short-Term Incentive targets in 2019, for which he has been granted a bonus of € 71 thousand, which will be paid out in 2020. In addition, a bonus of € 107 thousand will be paid to Taco de Groot in 2020 based on his 39.0% achievement of the targets for the Long-Term Incentive for the period 2017-2019.

Reinier Walta achieved 41.0% of his Short-Term Incentive targets in 2019, for which he has been granted a bonus of € 53 thousand, which will be paid out in 2020. In addition, a bonus of € 75 thousand will be paid to Reinier Walta in 2020 based on his 39.0% realisation of the targets for the Long Term Incentive for the period 2017-2019.

Both Taco de Groot and Reinier Walta have acquired Vastned shares at their own expense.
Vastned has not provided any guarantees related to these shares.

No option rights have been granted to the Executive Board or Supervisory Board members.
Nor have any loans or advances been provided, or guarantees on their behalf.

The members of the Supervisory Board and the Executive Board have been designated as managers in key positions.

For more details of the remuneration, reference is made to chapter *5 Remuneration report 2019* included elsewhere in this annual report.

28 Subsidiaries

The subsidiaries are:

	Country of establishment	Interest and voting right in % 2019	2018
Vastned Retail Nederland B.V.	Netherlands	100	100
Vastned Retail Nederland Projecten Holding B.V.	Netherlands	100	100
- Rocking Plaza B.V.	Netherlands	100	100
- MH Real Estate B.V.	Netherlands	100	100
- Vastned Retail Nederland Projectontwikkeling B.V.	Netherlands	100	-
Vastned Retail Monumenten B.V.	Netherlands	100	100
Vastned Management B.V.	Netherlands	100	100
Vastned Projecten B.V.	Netherlands	100	100
Vastned France Holding S.A.R.L.	France	100	100
- Jeancy S.A.R.L.	France	100	100
- Lenepveu S.A.R.L.	France	100	100
- S.C.I. 21 rue des Archives	France	100	100
- Palocaux S.A.R.L.	France	100	100
- Parivolis S.A.R.L.	France	100	100
- Plaisimmo S.A.R.L.	France	100	100
Vastned Management France S.A.R.L.	France	100	100
Vastned Retail Belgium NV	Belgium	65	65
- EuroInvest Retail Properties NV	Belgium	65	65
Korte Gasthuisstraat 17 NV	Belgium	100	100
Compagnie Financière du Benelux (Belgique) NV	Belgium	100	100
Vastned Retail Spain S.L.	Spain	100	100
- Vastned Retail Spain 2 S.L.	Spain	100	100

Scope of consolidation
The main changes to the scope of the consolidation were:

- the incorporation of Vastned Retail Nederland Projectontwikkeling B.V.
- the winding up of the company S.C.I. Limoges Corgnac.

The non-controlling interest recognised in the balance sheet as at 31 December 2019 was the share of the non-controlling shareholders of the Belgium-based subsidiary Vastned Retail Belgium NV and its subsidiary EuroInvest Retail Properties NV.

The summarised financial data of the subsidiary as at 31 December 2019 are:

	2019 100%	2019 Non-controlling interests	2018 100%	2018 Non-controlling interests
Balance sheet				
Property	360,752	124,493	372,278	128,471
Other assets	2,300	794	1,624	560
	363,052	**125,287**	**373,902**	**129,031**
Equity	258,285	89,132	268,442	92,637
Long-term liabilities	96,099	33,163	97,294	33,576
Short-term liabilities	8,668	2,992	8,166	2,818
	363,052	**125,287**	**373,902**	**129,031**
Profit and loss account				
Net rental income	18,633	6,430	18,487	6,380
Value movements in property	(10,772)	(3,717)	(7,114)	(2,455)
Net result on divestments of property	858	296	-	-
Net financing costs	(2,053)	(709)	(1,963)	(677)
General expenses	(2,099)	(724)	(2,124)	(733)
Abortive purchase costs	-	-	(72)	(25)
Income tax	(250)	(86)	27	9
Comprehensive income	**4,317**	**1,490**	**7,241**	**2,499**
Cash flow statement				
Cash flow from operating activities	13,883	4,791	15,367	5,303
Cash flow from investing activities	2,358	814	(1,871)	(646)
Cash flow from financing activities	(16,199)	(5,590)	(13,350)	(4,607)
Total cash flow	**42**	**15**	**146**	**50**

A sum of € 5.0 million in dividend was made payable to non-controlling shareholders of Vastned Retail Belgium NV in 2019 (2018: € 4.6 million).

29 Approval of the consolidated financial statements

The consolidated financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 11 February 2020.

Company balance sheet as at 31 December
(before profit appropriation)

(€ thousand)

Assets

Assets	Note	2019	2018
Property in operation	3	5,170	5,140
Participations in group companies	4	1,211,099	1,324,087
Total fixed assets		**1,216,269**	**1,329,227**
Receivables from group companies	5	156,666	148,338
Debtors and other receivables		373	1,071
Cash and cash equivalents		100	269
Total current assets		**157,139**	**149,678**
Total assets		**1,373,408**	**1,478,905**

Equity and liabilities

Equity and liabilities	Note	2019	2018
Paid-up and called-up capital	6	95,183	95,183
Share premium reserve	6	468,555	472,640
Hedging reserve in respect of financial derivatives	6	-	267
Revaluation reserve	6	465,141	464,623
Statutory reserve intangible fixed assets	6	401	-
Other reserves	6	(257,981)	(243,416)
Result attributable to Vastned Retail shareholders	6	22,435	41,095
Equity Vastned Retail shareholders		**793,734**	**830,392**
Long-term interest-bearing loans	7	488,235	380,767
Financial derivatives	8	299	2,941
Guarantee deposits		58	56
Total long-term liabilities		**488,592**	**383,764**
Payable to banks	7	2,946	1,230
Redemption long-term loans	7	62,470	134,661
Payable to group companies	9	22,233	125,363
Other liabilities and accruals		3,433	3,495
Total short-term liabilities		**91,082**	**264,749**
Total equity and liabilities		**1,373,408**	**1,478,905**

Company profit and loss account

(€ thousand)

Net turnover

Net turnover	Note	2019	2018
Net rental income	10	200	235
General management expenses	10	(1,923)	(2,485)
Abortive purchase costs	10	-	(1,526)
Net turnover result		**(1,723)**	**(3,776)**
Other income from participations in group companies	10	1,170	1,784
Net result on divestments	10	-	(98)
Value movements in property in operation	10	57	36
Total other operating income		**1,227**	**1,722**
Other interest income and similar income	10	3,867	3,350
Interest charges and similar expenses	10	(15,365)	(15,046)
Total interest income and expenditure		**(11,498)**	**(11,696)**
Result before taxes		**(11,994)**	**(13,750)**
Current income tax expense		(7)	(28)
Share in result from participations in group companies	4	34,436	54,873
Result after taxes		**22,435**	**41,095**

Notes to the company financial statements

1 General information

The company financial statements are part of the 2019 financial statements, which also include the consolidated financial statements.
The company has availed itself of the provisions in Section 379(5) of Book 2 of the Dutch Civil Code. The list as referred to in this article has been filed with the offices of the Trade Register of the Chamber of Commerce.

2 Principles for the valuation of assets and liabilities and the determination of the result

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.
In the preparation of the company financial statements, the provisions in Section 362(8) of Book 2 of the Dutch Civil Code have been used.

The valuation principles for assets and liabilities and the method of determining the result are identical to those used in the consolidated financial statements. Reference is therefore made to the notes thereto.

Participations in group companies
The participating interests in group companies have been stated at net asset value.

Receivables from group companies
The recognition and determination of impairments takes place in a future-oriented manner based on the expected credit loss model (ECL). The ECL model applies to the receivables from group companies. Due to the fact that participations in group companies are considered as a combination of assets and liabilities, this means in general that expected credit losses on receivables from group companies are eliminated. The elimination is recognised in the carrying amount of the receivables from group companies.

Other income from participations in group companies
The other income from participations in group companies concerns agreed fees for property management in France. The fee is related to the appraisal value of the property. The fee is not necessarily equal to the costs of the services. The Company is responsible for providing services, so that on this basis the Company has control of these services. As a result, the Company can be regarded as a principal.

3 Property in operation

	2019	2018
Balance as at 1 January	5,113	8,243
Value movements	57	36
Divestments	-	(3,166)
Balance as at 31 December	**5,170**	**5,113**
Accrued assets in respect of lease incentives	-	27
Appraisal value as at 31 December	**5,170**	**5,140**

In 2018, the property Rue Saint Ferréol 29 in Marseille was divested.

4 Participations in group companies

	2019	2018
Balance as at 1 January	1,324,087	1,287,619
Share in result	34,436	54,873
Direct changes in equity	(974)	259
Distributions received	(146,450)	(18,664)
Balance as at 31 December	**1,211,099**	**1,324,087**

As at 31 December 2019, Vastned together with its subsidiaries held 3,325,960 Vastned Retail Belgium shares (31 December 2018: 3,325,960 shares). The net asset value per share on 31 December 2019 was € 50.86 (31 December 2018: € 52.86 per share).

The share price of Vastned Retail Belgium shares was € 44.70 per share as at 31 December 2019 (31 December 2018: € 40.90 per share).

For more details on the participations in group companies, reference is made to *28 Subsidiaries* in the consolidated financial statements.

5 Receivables from group companies

	2019	2018
Balance as at 1 January	148,338	159,902
Provided to group companies	15,409	7,903
Repaid by group companies	(7,081)	(19,467)
Balance as at 31 December	**156,666**	**148,338**

The receivables from group companies consist of € 115.3 million (31 December 2018: € 115.6 million) in loans provided with interest rates ranging from 2.984% to 3.730% (31 December 2018: 2.984% to 3.730%) and expiring in the years 2020 to 2026 inclusive (31 December 2018: 2020 to 2026 inclusive) and € 41.4 million (31 December 2018: € 32.7 million) in current account relationships at a floating interest rate and without fixed repayment date.

6 Shareholders' equity

	Capital paid up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Revaluation reserve	Statutory reserve intangible fixed assets	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders
Balance as at 01 January 2018	**95,183**	**472,640**	**383**	**466,713**	**-**	**(292,044)**	**94,645**	**837,520**
Result	-	-	-	-	-	-	41,095	41,095
Remeasurement of defined benefit pension obligation	-	-	-	-	-	259	-	259
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	(116)	-	-	-	-	(116)
Final dividend previous financial year in cash	-	-	-	-	-	-	(25,644)	(25,644)
Interim dividend 2018 in cash	-	-	-	-	-	(12,912)	-	(12,912)
Contribution from profit appropriation	-	-	-	-	-	69,001	(69,001)	-
Allocation to revaluation reserve	-	-	-	(2,090)	-	2,090	-	-
Share buyback	-	-	-	-	-	(9,810)	-	(9,810)
Balance as at 31 December 2018	**95,183**	**472,640**	**267**	**464,623**	**-**	**(243,416)**	**41,095**	**830,392**
Result	-	-	-	-	-	-	22,435	22,435
Remeasurement of defined benefit pension obligation	-	-	-	-	-	(974)	-	(974)
Reclassification of unrealised results on financial derivatives to profit and loss account	-	-	(267)	-	-	-	-	(267)
Final dividend previous financial year in cash	-	-	-	-	-	-	(22,984)	(22,984)
Interim dividend 2019 in cash	-	-	-	-	-	(9,948)	-	(9,948)
Contribution from profit appropriation	-	-	-	-	-	18,111	(18,111)	-
Allocation to revaluation reserve	-	-	-	518	-	(518)	-	-
Addition to statutory reserve intangible fixed assets	-	-	-	-	401	(401)	-	-
Equity component of convertible bond loan	-	(4,085)	-	-	-	4,085	-	-
Buyback of shares	-	-	-	-	-	(24,920)	-	(24,920)
Balance as at 31 December 2019	**95,183**	**468,555**	**-**	**465,141**	**401**	**(257,981)**	**22,435**	**793,734**

The authorised share capital is € 375.0 million, divided into 75,000,000 ordinary shares of € 5.00 par value. For more details on equity, reference is made to 28 *Subsidiaries* in the consolidated financial statements.

Share buyback

On 19 October 2018, the Company announced it would repurchase own shares for a maximum of € 40.0 million. The programme was executed between 19 October 2018 and 17 April 2019. In this period 1,034,824 shares were purchased, 292,208 in 2018 and 742,616 in 2019. The buyback concerned a total amount of € 34.7 million including costs, of which € 9.8 million in 2018 and € 24.9 million in 2019. The repurchased shares will not be cancelled, but held as a temporary investment.

The statutory reserves comprise:

- **Hedging reserve in respect of financial derivatives**
  This reserve contained the gains and losses in respect of the effective portion of the derivatives which were designated and qualified as cash flow hedges.

- **Statutory reserve intangible fixed assets**
  This reserve is related to the capitalised expenditure less cumulative depreciation.

- **Revaluation reserve**
  The revaluation reserve concerns the property and comprises the cumulative positive unrealised value movements of the property. The revaluation reserve is determined at the level of the individual property.

The statutory reserves are not available for dividend distributions.

7 Interest-bearing debts

	2019				2018			
	Remaining term				Remaining term			
	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Unsecured loans								
• fixed interest 1)	265,088	99,790	364,878	1.73	197,423	125,126	322,549	2.47
• floating interest	123,357	-	123,357	1.46	58,218	-	58,218	1.36
	388,445	**99,790**	**488,235**	**1.66**	**255,641**	**125,126**	**380,767**	**2.30**

1) Including the portion that was fixed by means of interest derivatives.

A positive/negative mortgage covenant was issued for the loans. In addition, a number of lenders have set conditions regarding the solvency and interest coverage, as well as changes in the control of the Company and/or its subsidiaries. Vastned fulfilled these conditions as at 31 December 2019.

The portion of the long-term interest-bearing loans due within one year of € 62.5 million (31 December 2018: € 134.7 million) is recognised under short-term liabilities.
As at 31 December 2018 this included the convertible bond loan of € 110.0 nominal value that was redeemed in 2019.

The average term of the long-term interest-bearing loans was 4.4 years (31 December 2018: 3.8).

The Company has a facility which allows offsetting, which the Company and its Dutch subsidiaries avail themselves of.
This means that the current account balances at the level of the Company determine the interest expenses and the earned interest arising from this of under € 0.1 million (2018: € 0.1 million) accrues to the Company.

For the movements in interest-bearing debts in 2019, reference is made to *21 Interest-bearing debts* in the consolidated financial statements.

8 Financial derivatives

	2019		2018	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	**-**	**299**	**-**	**2,941**

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2019		2018	
	Fair value interest rate derivatives	Carrying amount loans	Fair value interest rate derivatives	Carrying amount loans
Interest rate swaps < 1 year	-	-	-	-
Interest rate swaps 1-2 years	-	-	-	-
Interest rate swaps 2-5 years	-	-	-	-
Interest rate swaps > 5 years	(299)	150,000	(2,941)	135,000
	(299)	**150,000**	**(2,941)**	**135,000**

9 Payable to group companies

The amounts payable to group companies are current account relationships at a floating interest rate and without fixed repayment date.

10 Notes to the profit and loss account

The net rental income consists of the amounts charged to tenants in accordance with the operating leases less the costs directly related to operating the property.

Of the general management expenses, € 1.2 million concerns asset and property management fees charged by group companies (2018: € 1.8 million) and other general expenses of € 0.7 million (2018: € 0.7 million), which mainly consisted of consultancy and audit costs, publicity costs and costs related to the stock exchange listing.

The abortive purchase costs concerned the costs incurred for the unsuccessful takeover bid on all shares in Vastned Retail Belgium N.V. that the company did not yet hold.

Other operating income includes the other income from participations in group companies of € 1.1 million (2018: € 1.8 million), which consists of fees charged to group companies.
This also includes the value movements in property of € 0.1 million positive (2018: nil) and the net result on divestments of property of nil (2018: € 0.1 million negative).

The other interest income and similar income in the amount of € 3.9 million (2018: € 3.4 million) mostly relates to the financing provided to the group companies.
The other interest expenses and similar expenses of € 15.4 million (2018: 15.0 million) consist of the interest paid on the long-term interest-bearing loans and amounts payable to banks, which totalled € 13.0 million (2018: € 15.7 million) and the value movements in financial derivatives of € 2.4 million negative (2018: € 1.1 million negative).

11 Rights and obligations not recorded in the balance sheet

The Company has issued a certificate of guarantee for a group company in accordance with Section 403 of Book 2 of the Dutch Civil Code.

The company heads a tax entity for the purposes of Dutch corporate income tax and a tax entity for the purposes of turnover tax, and is consequently jointly and severally liable for the tax liability of the tax entities as a whole.

12 Events after balance sheet date

No events have taken place after the balance sheet date that affect the company financial statements.

13 Profit appropriation

The Executive Board proposes to distribute the result as follows:

Result attributable to Vastned Retail shareholders	22,435
To be added/charged to the reserves	12,606
Available for dividend distribution	**35,041**
Distributed earlier as interim dividend	(9,948)
Available for final dividend distribution	**25,093**

Based on this dividend policy and with due consideration for the conditions associated with the fiscal investment institution status within the meaning of Section 28 of the 1969 Netherlands Corporation Income Tax Act, the Executive Board proposes that a final dividend of € 1.47 per share be distributed in cash for the 2019 financial year. This dividend distribution will total € 25.2 million.

14 Approval of the company financial statements

The company financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 11 February 2020.

Other information

Profit distribution

In accordance with the Company's articles of association, the profit is placed at the disposal of the General Meeting of Shareholders. The Company may only make distributions to shareholders insofar as Vastned Retail shareholders' equity exceeds the sum of the paid-up and called-up capital plus the reserves required to be maintained by law.

In order to retain its tax status as a fiscal investment institution, the Company must distribute the taxable profit, after making permitted reservations, within eight months after the end of the year under review.

Independent auditor's report

To: the shareholders and supervisory board of Vastned Retail N.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of Vastned Retail N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The following statements for 2019: the consolidated profit and loss account, the consolidated statements of comprehensive income, consolidated statement of movement in equity and consolidated cash flow statement;
- The consolidated statement of financial position as at 31 December 2019;
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2019;
- The company profit and loss account for 2019;
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Vastned Retail N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Our understanding of Vastned Retail N.V.

Vastned is a listed European retail property company with a focus on venues for premium shopping. The group structure consist of several group components in the Netherlands, Belgium, France and Spain. We have aligned our audit on this. We have paid special attention in our audit on a number of focus area's based on the group's activities and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€ 7.9 million (2018: € 7.9 million).
Benchmark applied	0.5% for the total assets.
Explanation	We consider total assets the best benchmark for materiality taking into account the nature and size of the business operations. For financial statement accounts with direct result impact we assume that a lower possible misstatement could influence economic decisions of the users of the financial statements. We therefore set the materiality for this at € 1,7 million (5% of the direct result, 2018: € 2.0 million).

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 87.000 for accounts with direct result impact and in excess of € 396,000 for other accounts, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of directors and the supervisory board. In our risk assessment we considered the potential impact of, among other things, real estate related risks such as ABC transactions, agency payments and performance bonuses that the company has. Furthermore, as Vastned Retail N.V. is a international company, operating in multiple jurisdictions, we considered the risk of bribery and corruption.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in note 14 of the financial statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management, reading minutes, inspection of internal audit and performing substantive procedures on classes of transactions, financial statement items and disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern

In order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting, we consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Scope of the group audit

Vastned Retail N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Vastned Retail N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit has mainly focused on significant group entities; in addition to Vastned Netherlands, these concern the countries of France and Belgium ('Full scope'). We have performed audit procedures ourselves at entities in the Netherlands. We have used the work of other auditors in auditing France and Belgium. For Spain we have performed review procedures ('Review scope').

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the real estate industry. We included specialists in the areas of IT audit and income tax and have made use of our own experts in the areas of valuation of real estate.

General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter financial reporting fraud which was included in our last year's auditor's report, is not considered a key audit matter for this year as this key audit matter overseed one-off transactions and cost in 2018 with which this is no longer applicable.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit approach	Key observations
Valuation of investment property, note 15 The Investment property of Vastned Retail N.V. amounts to 99% of the consolidated balance sheet total as per 31 December 2019. The investment property is valued at fair value whereby in accordance with the Vastned Retail N.V. valuation policy the value of all objects is periodically determined by external appraisers.. Parameters, assumptions and estimates by management are used in determining the fair value of investment property. Due to the inherently high degree of subjectivity of estimates in the fair value determination, we regard the valuation of investment property as a significant risk in our audit.	We have tested the design effectiveness of internal controls relating to the valuation of property, including internal assessment of reports from appraisers. We have assessed the competence and independence of external appraisers. We have determined the correctness of source data as used in calculating the valuation. We have employed our real estate valuation specialists in the review and testing of models, parameters, assumptions and estimated as used in the valuation. We audited a sample of the calculations by recalculation. In our audit we paid specific attention to significant valuation results, as determined by external appraisers. We also reviewed the disclosures as included in the financial statement relating to the valuation of property against the applicable reporting standards.	We agree with the assumptions used by the external appraisers and management and we determined the accurateness and completeness of the disclosures as included in the financial statements.
Recognition of sale and acquisition of property, note 14 In 2019 Vastned Retail N.V. acquired and sold multiple properties. Accurate and complete recognition of these transactions is an important area of emphasis in our audit. We pay special attention to fraud risks in acquiring and selling properties, such as ABC transactions and kickback fees. In addition, complex accounting recognition considerations can be applicable (reviewing proper classification as business combination or asset acquisition), which could impact the recognition and the disclosures in the financial statements.	We have tested the design effectiveness of internal controls relating to sales and acquisitions of property investments, including proper authorization of transactions and background checks of buyers and sellers. We have audited a sample of the acquisition and sales transactions of property investments. We have reconciled the recognized transactions to relevant supporting documentation, reviewed the disclosure in the financial statement and determined accurate and complete recognition of transaction result in the fiscal year. In addition, we have analyzed the sales price of property transactions in relation to the most recent valuation value as determined by the external appraiser. If applicable we have assessed reasonableness of considerations paid to intermediaries. We also reviewed the disclosures as included in the financial statement relating to the recognition of sale and acquisition of property against the applicable reporting standards.	We agree with the assumptions used by management regarding the recognition of sale and acquisition of property and we determined the accurateness and completeness of the disclosures as included in the financial statements. We did not identified any fraud risk in the current year regarding acquired or sold properties.

Risk	Our audit approach	Key observations
Financing and bank covenants, note 23 Considering the importance and relative size of external financing at Vastned Retail N.V., compliance with bank covenants and the related disclosures in the financial statements are considered as an important area of emphasis in our audit.	We have tested the design effectiveness of internal controls relating relating to the monitoring of bank covenants. We have audited calculations of bank covenants as per 31 December 2019 as prepared by Vastned Retail N.V. and reconciled these with relevant financing conditions. We also reviewed the disclosures as included in the financial statement relating to financing and bank covenants.	We have determined that Vastned Retail N.V. is compliant with required bank covenants as per 31 December 2019 and we determined the accurateness and completeness of the disclosures as included in the financial statements.
Compliance with fiscal laws and regulations, note 10 Within Vastned Retail N.V. some entities qualify as fiscal investment entity (Netherlands, France and Belgium). For entities where Vastned Retail N.V. utilizes the legal and fiscal facilities for investment entities, the tax rate is 0%. Compliance with conditions for application of the tax regime for investment entities is an important area of emphasis in our audit.	We have reviewed the assessment regarding compliance with key conditions of the fiscal regime for investment entities as prepared by the external fiscal specialist of Vastned Retail N.V. We have used our fiscal specialists in the performance of this review in the Netherlands, Belgium and France.	We have determined that Vastned Retail N.V. is compliant with key condition of the fiscal regime for investment entities.
Revenue recognition, note 4 The risk exist that the invoicing of the rental income isn't in line with the rent contract which result in non recognition or recognition in the incorrect year.	We have tested the design effectiveness of internal controls relating to the invoicing and recognition of rental income. By performing a test of detail we have verified that the contract register is correct and complete. We have agreed the recognized rental income with the contract register.	We have verified the completeness of the rental income recognized in the financial statements.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Vastned at a glance;
- Long-term value creation;
- Report of the executive board;
- Report of the supervisory board;
- Remuneration report 2019;
- Direct and indirect result;
- EPRA performance indicators;
- Appendices;
- Other information.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 and Section 2:135b of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Section 2:135b of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of Vastned Retail N.V. as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 11 February, 2020

Ernst & Young Accountants LLP

Signed by W.H. Kerst

EPRA PERFORMANCE INDICATORS

8

Financial reporting
Sustainability reporting

Financial reporting

The EPRA Best Practices Recommendations ('BPR') published by EPRA's Reporting and Accounting Committee contain recommendations for the determination of key performance indicators of the property portfolio. Vastned acknowledges the importance of standardising the reporting on performance indicators for the sake of comparability and improving the quality of the information provision to investors and other users of the annual report. For this reason, Vastned has opted for including the key performance indicators in a separate chapter of the annual report.

The financial statements in this chapter are presented in euros; amounts are rounded off to thousands of euros, unless stated differently.

The EPRA BPR checklist is available on Vastned's website:

www.vastned.com/annual_report

EPRA performance indicators

			(€ thousand)		per share (€)	
EPRA performance indicator [1]	Page	Table	2019	2018	2019	2018
EPRA Earnings	195	1	35,041	40,354	2.03	2.22
EPRA NAV	195	2	810,855	849,526	47.28	47.47
EPRA NNNAV	196	3	792,420	831,906	46.20	46.49
EPRA Net Initial Yield (NIY)	196	4 (i)	3.7%	3.8%		
EPRA 'topped-up' NIY	196	4 (ii)	4.0%	4.1%		
EPRA Vacancy Rate	198	5	2.0%	1.5%		
EPRA Cost Ratio (including direct vacancy costs)	199	6 (i)	21.1%	19.8%		
EPRA Cost Ratio (excluding direct vacancy costs)	199	6 (ii)	20.3%	18.9%		
Capital expenditure	199	7				

1) The EPRA performance indicators have been calculated based on definitions as published by EPRA and included in the list of definitions on page 232.

1. EPRA earnings

	2019	2018
Result according to consolidated IFRS profit and loss account	**23,925**	**43,594**
Value movements in property	13,110	(4,095)
Net result on divestments of property	(332)	(201)
Financial expenses	221	816
Value movements in financial derivatives	2,687	1,357
Movement in deferred tax assets and liabilities	513	2,319
Attributable to non-controlling interests	(5,083)	(5,035)
EPRA Earnings	**35,041**	**38,755**
Company-specific adjustments		
Abortive purchase costs	-	1,599
EPRA Earnings after company-specific adjustments	**35,041**	**40,354**
EPRA Earnings per share (EPS)	**2.03**	**2.14**
Company-specific adjustments		
Abortive purchase costs	-	0.08
Adjusted earnings per share	**2.03**	**2.22**

2. & 3. EPRA NAV & EPRA NNNAV

	31/12/2019		31/12/2018	
		per share (€)		per share (€)
Equity Vastned Retail shareholders	793,734	46.28	830,392	46.40
Fair value of financial derivatives	1,857	0.11	4,310	0.24
Deferred taxes	15,264	0.89	14,824	0.83
EPRA NAV	**810,855**	**47.28**	**849,526**	**47.47**
Fair value of financial derivatives	(1,857)	(0.11)	(4,310)	(0.24)
Fair value of interest-bearing loans [1]	(6,486)	(0.38)	(3,893)	(0.21)
Deferred taxes	(10,092)	(0.59)	(9,417)	(0.53)
EPRA NNNAV	**792,420**	**46.20**	**831,906**	**46.49**

1) The calculation of the fair value is based on the swap yield curve at year-end 2019 and the credit spreads in effect at year-end 2019

4. EPRA Net Initial Yield & EPRA Topped-up Net Initial Yield as at 31 December

	Netherlands		France		Belgium		Spain		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Property	685,560	684,410	415,829	415,336	370,304	382,643	99,670	97,180	1,571,363	1,579,569
addition:										
Estimated transaction fees	47,989	47,909	29,537	30,048	9,258	9,566	2,701	2,634	89,485	90,157
Investment value of property (B)	**733,549**	**732,319**	**445,366**	**445,384**	**379,562**	**392,209**	**102,371**	**99,814**	**1,660,848**	**1,669,726**
Annualised gross rental income	33,277	31,207	12,022	16,413	19,229	20,251	3,673	2,531	68,201	70,402
Non-recoverable operating expenses	(4,406)	(4,151)	(568)	(674)	(1,831)	(1,808)	(240)	(230)	(7,045)	(6,863)
Annualised net rental income (A)	**28,871**	**27,056**	**11,454**	**15,739**	**17,398**	**18,443**	**3,433**	**2,301**	**61,156**	**63,539**
Effect of rent-free periods and other lease incentives	78	2,688	3,874	213	804	221	234	1,000	4,990	4,122
Topped-up annualised net rental income (C)	**28,949**	**29,744**	**15,328**	**15,952**	**18,202**	**18,664**	**3,667**	**3,301**	**66,146**	**67,661**
(i) EPRA Net Initial Yield (A/B)	3.9%	3.7%	2.6%	3.5%	4.6%	4.7%	3.4%	2.3%	3.7%	3.8%
(ii) EPRA Topped-up Net Initial Yield (C/B)	3.9%	4.1%	3.4%	3.6%	4.8%	4.8%	3.6%	3.3%	4.0%	4.1%

5. EPRA Vacancy Rate

31/12/2019

	Gross rental income	Net rental income	Lettable floor area (m^2)	Annualised gross rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	32,568	28,884	107,589	33,277	1,196	33,551	3.6%
France	13,642	12,835	21,126	12,022	33	17,394	0.2%
Belgium	19,664	18,281	86,738	19,229	240	18,945	1.3%
Spain	3,414	3,027	3,419	3,673	-	3,823	-
Total property	**69,288**	**63,027**	**218,872**	**68,201**	**1,469**	**73,713**	**2.0%**

31/12/2018

	Gross rental income	Net rental income	Lettable floor area (m^2)	Annualised gross rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	38,189	34,743	117,617	31,207	569	34,273	1.7%
France	16,291	15,320	21,151	16,413	133	17,629	0.8%
Belgium	19,779	18,102	92,637	20,251	419	19,574	2.1%
Spain	2,801	2,611	3,419	2,531	-	3,776	-
Total property	**77,060**	**70,776**	**234,824**	**70,402**	**1,121**	**75,252**	**1.5%**

As at year-end 2019, the EPRA vacancy rate was 2.0%, 0.6% up from in 2018.
The higher vacancy rate was attributable to higher vacancy in the Netherlands and the decrease of the estimated rental value of the property at Rue de Rivoli 118-120 in Paris.

6. EPRA Cost Ratios

	2019	2018
General expenses	8,137	8,753
Ground rents paid	-	124
Operating expenses	6,289	6,027
Net service charge expenses	244	501
less: Ground rents paid	-	(124)
EPRA costs (including vacancy costs) (A)	**14,670**	**15,281**
Vacancy costs	(566)	(676)
EPRA costs (excluding vacancy costs) (B)	**14,104**	**14,605**
Gross rental income less ground rents paid 1)	**69,560**	**77,304**
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	21.1%	19.8%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	20.3%	18.9%

1) Including other income of € 272 (2018: € 368)

In 2019, no operating expenses were capitalised (2018: nil). Vastned capitalises the operating expenses directly attributable to property under renovation during the period that the property under renovation is not available for leasing. General expenses (overheads) are not capitalised.

7. Capital Expenditure

	2019	2018
Acquisitions 1)	13,749	48,812
Development	-	-
Like-for-like portfolio 2)	2,423	3,937
Other	-	-
Total	**16,172**	**52,749**

1) Concerns property acquisitions in Amsterdam (2018: Amsterdam, Utrecht, Paris and Madrid).
2) Concerns improvements to several properties already held in various countries.

Vastned has no interests in joint ventures.

Sustainability reporting

Introduction

Vastned reports on its environmental, social and governance impact in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR). The reportingresponse is split into 2 sections:

1. Overarching recommendations;
2. Sustainability performance measures.

Overarching recommendations

Organisational boundaries
Vastned uses the operational control approach for its data boundary. This means that Vastned only reports on the consumption of energy for the premises it has operational control over.

Coverage
Please see the EPRA performance tables below for individual coverage of each performance measure. Vastned reports energy consumption data of common areas and vacant units for all applicable assets in its portfolio (where Vastned has operational control over as a landlord). This therefore excludes the majority of the 288 assets in the portfolio, which lack common areas and where the tenant has full operational control of the property (for more information, see Boundaries and Normalisation below).

Estimation of landlord-obtained utility consumption
The table below provides the amount of estimated environmental data for Vastned's portfolio in 2019 and 2018. Some data on 2019 is based on data of 2018 that is extrapolated. 15% of the data for the environmental performance measures for Vastned's own offices is estimated.

Estimated portfolio data	2019	2018
Elec-Abs	71%	45%
Elec-LfL	73%	32%
Fuels-Abs	29%	45%
Fuels-LfL	3%	38%

Third party assurance
No third-party assurance is available.

Boundaries – Reporting on landlord and tenant consumption
The consumption reported includes only energy which Vastned purchased as a landlord. Tenant consumption is not included.

Analysis – Normalisation
Intensity indicators are calculated using floor areas (sqm) for whole buildings, including tenant areas. Vastned is aware of the mismatch between the nominator and denominator in the methodology for calculating intensities. Tenants receive bills for the major part of each building, while Vastned only receives bills for common areas in the Netherlands, for which data has been given (see table *'EPRA portfolio'* on page 202 and 203).

Analysis – Segmental analysis (by property type, geography)
All the assets for which Vastned is responsible for energy consumption are located in the Netherlands. In 2018 Vastned carried out segmental analysis on two kinds of assets: shopping centres and high street shops. For the year 2019 the segmentation has been removed since most of the shopping centres have been sold and now only form a relatively small part of the portfolio, which would not provide a meaningful analysis if segmented (see table *'EPRA portfolio'* on page 202 and 203).

Disclosure on own offices
The offices used by Vastned are reported separately from the portfolio. Please see *'EPRA own offices'* on page 204 and 205.

Narrative on performance

Elec-Abs en *Fuels-Abs:* as part of Vastned's strategy to decrease its risk profile Vastned sold € 12.1 million euro of non-strategic real estate. The decrease in the absolute electricity consumption and natural gas consumption was caused by these divestments. Furthermore, due to the high occupancy rate of Vastned's portfolio the amount of properties with full operational control decreased. These two effects have caused the decrease of the total measurable electricity and natural gas consumption in 2019.

Elec-LfL: the increase in the Elec-LfL consumption can largely be explained by the leasing of one unit at Arendstraat 9 in Oosterhout and activities in this property related to the sale thereof which led to an increase in the measurable electrical consumption for Vastned. The property was vacant giving Vastned full operational control.

Fuels-LfL: the decrease in the LfL natural gas consumption can largely be explained by the new leases at the Bakkerstraat 16 in Utrecht. Since the property was not vacant in the coldest months of 2019 the measurable natural gas consumption decreased during 2019.

Where actual consumption data could not be obtained for the reporting year, Vastned used estimated data based on comparable periods from 2018 where available.

Narrative on gender pay
Vastned does not disclose Diversity-pay for 'other direct employees'. As Vastned only employed 38 FTEs at the end of 2019 the number of male and female employees with the same function and experience do not exist. Their pay is not comparable as it is determined by their function, seniority and employment record.

Narrative on performance appraisal
Every year, a performance review and an assessment interview are held with every employee. During these meetings challenging targets are set in consultation with the employee that are geared both to Vastned's objectives and to the employee's competences. This aligns the employees' personal development with Vastned's interests. As an additional incentive Vastned grants variable bonuses to its staff, which are determined on the degree to which targets are achieved. Employees are encouraged to buy Vastned shares by giving a 10% discount on the share price on the date the shares were bought. In this way, Vastned tries to further align the interests of the employees and the shareholders.

The remuneration and nomination committee has the duty of evaluating the Executive Board and the Supervisory Board. This committee is also responsible for the annual accounting for the remuneration policy.

Location of EPRA sustainability performance measures in companies' reports
EPRA environmental sustainability performance measures can be found in the table *'EPRA Portfolio'* on page 202 and 203, and *'EPRA Offices'* on page 204 and 205 of this report. EPRA governance and social performance measures can be found in the table *'EPRA Social & Governance'* on page 206 and 207 of this report.

Reporting period
Vastned provides two years of performance data covering the 2018 and 2019 calendar years for all performance measures (if material).

Materiality
Vastned reports on all environmental performance measures that Vastned is responsible for across its portfolio. Performance measures relating to DH&C, Water and Waste are not applicable as Vastned is not responsible for these utilities across its portfolio. Vastned does not report Comty-Eng as Vastned has not identified this as material. The portfolio consists primarily of high street assets let on a core and shell basis meaning there are only few common areas and that there is no development/redevelopment activity. Emp-Training is not reported as Vastned does not currently have formal systems to collect this data.

Stakeholder engagement
On page 30 of this report you can find the stakeholder dialogue and the materiality matrix of Vastned. This shows how Vastned is actively engaging with its stakeholders and is creating long term value for its stakeholders and society (see value creation model on page 26).

Sustainability performance measures

EPRA portfolio

Indicator	EPRA	Unit of measure	2018	2019	Coverage	Change
Total electricity consumption	Elec-Abs	kWh	775,651	445,700	60 out of 60	-43%
	(% from renewable sources)	%	100	100		-
Like-for-like electricity consumption	Elec-LfL	kWh	403,947	436,021	57 out of 57	8%
Total energy consumption from district heating and cooling	DH&C-Abs 1)	kWh	n/a	n/a	n/a	n/a
Like-for-like consumption from district heating and cooling	DH&C-LfL 1)	kWh	n/a	n/a	n/a	n/a
Total energy consumption from fuel	Fuels-Abs	kWh	85,114	69,522	41 out of 41	-18%
	(% from renewable sources)	%	0	0		-
Like-for-like consumption from fuel	Fuels-LfL	kWh	65,371	48,449	30 out of 30	-26%
Building energy intensity	Energy-Int	kWh/m^2	10.5	10.1	60 out of 60	-4%
Direct GHG emission (total) Scope 1	GHG-Dir-Abs	tCO_2e	161	131	41 out of 41	-18%
Indirect GHG emission (total) Scope 2	GHG-Indir-Abs	tCO_2e	218	207	60 out of 60	-5%
Building GHG emissions intensity	GHG-Int	tCO_2e/m^2	0.006	0.004	60 out of 60	-34%
Total water consumption	Water-Abs 2)	m^3	n/a	n/a	n/a	n/a
Like-for-like water consumption	Water-LfL 2)	m^3	n/a	n/a	n/a	n/a
Building water consumption intensity	Water-Int 2)	m^3/m^2	n/a	n/a	n/a	n/a
Weight of waste by disposal route (total)	Waste-Abs 3)	kg	n/a	n/a	n/a	n/a
		% recycled	n/a	n/a	n/a	n/a
		% sent to landfill	n/a	n/a	n/a	n/a
Weight of waste by disposal route (Like-for-like)	Waste-LfL 3)	kg	n/a	n/a	n/a	n/a
		% recycled	n/a	n/a	n/a	n/a
		% sent to landfill	n/a	n/a	n/a	n/a
Type and number of assets certified	Cert-Tot	% of portfolio certified OR number of certified assets	70%	71%	See below 4)	1%

1) DH&C-Abs and DH&C-LfL are not applicable as Vastned is not responsible for district heating and cooling across its portfolio
2) Water-Abs and Water-LfL are not applicable as Vastned is not responsible for water and waste across its portfolio
3) Waste-Abs and Waste-LfL are not applicable as Vastned is not responsible for water and waste across its portfolio
4) Cert-tot: the percentage refers to the proportion of portfolio that has an EPC (Energy Performance Certificate). The breakdown of our EPCs is as follows:

A+	1%
A	10%
B	8%
C	14%
D	22%
E	15%
F	6%
G	14%
H	0%
I	3%
Unknown	8%

Portfolio GHG emission have been calculated using 2017 and 2018 conversion factors provided by the IEA (for electricity) and www.co2emissiefactoren.nl for fuels. Scope 1 emissions include fuel consumption while Scope 2 emissions include electricity consumption.

EPRA own offices

Consumption	EPRA indicator	Unit	Netherlands	Belgium	France	Spain	Total	Coverage
Electicity	Elec-Abs	kWh	65,578	18,645	24,797	3,140	112,160	4 out of 4
Heating - Gas	Gas-Abs	m^3	2,411	1,557	-	1,300	5,268	3 out of 3
CO_2e	GHG-Dir	Tonnes (location-based) 2)	4.82	2.94	-	2.46		3 out of 3
CO_2e	GHG-Indir	Tonnes (location-based) 2)	42.56	12.10	16.09	20.50		4 out of 4
Water	Water-Abs	m^3	173	54	6	1	234	4 out of 4
Paper	Waste-Abs 1)	Kg	218	101	314	25	658	4 out of 4
Flights	n/a	Tonnes CO_2e	10	1	4	2	16	n/a
Car - Petrol	n/a	Km	-	-	-	4,360	4,360	n/a
Car - Diesel	n/a	Km	-	65,222	-	6,540	71,762	n/a
Car - Petrol	n/a	Litres	12,611	-	-	-	12,611	n/a
Car - Diesel	n/a	Litres	9,596	-	-	-	9,596	n/a
Train business	n/a	Km	9,570	-	61,113	-	70,683	n/a
Train Work - Home	n/a	Km	312,375	2,094	159,476	-	473,945	n/a

1) Waste-Abs: Vastned only has data regarding paper waste
2) Own office CO_2e conversion factors are based on data provided by the Climate Neutral Group in The Netherlands.

All own offices are leased and therefore do not form part of the investment portfolio. As such, environmental performance has been disclosed seperately. This data accounts for our offices in Belgium, France, Spain and The Netherlands

EPRA social governance

Indicator	EPRA	Type assets	Meeteenheid	2018	2019	Dekking
Gender diversity	Diversity-Emp	Corporate operations	% of employees	50% Male, 50% Female	50% Male, 50% Female	Supervisory Board
				100% Male	100% Male	Executive Board
				38% Male, 62% Female	44% Male, 56% Female	Other direct employees
Gender pay	Diversity-Pay	Corporate operations	Ratio	1.0	1.0	Supervisory Board 1)
				n/a	n/a	Executive Board
				-	-	Other direct employees 2)
Performance appraisals	Emp-Dev	Corporate operations	% of total workforce	100%	100%	Direct employees
New hires	Emp-Turnover	Corporate operations	Total number	4	6	Direct employees
			Rate	10%	16%	
Turnover			Total number	5	16	
			Rate	13%	39%	
Number of injuries3	H&S-Emp	Corporate operations	Total number	0	0	Direct employees
Lost day rate			n/a	n/a	n/a	
Absentee rate			Sickness absence rate	3.3	5.4	
Fatalities			Total number	0	0	
Health and safety assessments	H&S-Asset	Corporate operations	n/a 4)	n/a	n/a	n/a
Health and safety compliance	H&S-Comp	Corporate operations	n/a 4)	n/a	n/a	n/a
Board composition	Gov-Board	Corporate operations	Total number of Executive Board	2	2	Supervisory Board and Executive Board
			Total number of Supervisory Board (Independent)	4	4	
			Average tenure (years) for Supervisory Board 5)	5.75	4.8	
			Total number with competencies relating to environmental and social topics 6)	1	1	
"Independent / Non-executive board members with competencies relating to environmental and social topics"	Gov-Select	Corporate operations	Description	The members of the Supervisory Board are appointed by the Annual General Meeting of shareholders. The Supervisory Board draws up binding nominations for the appointment of new members to the Supervisory Board. There is no specific requirements for competencies relating to environmental or social topics to be taken into consideration.		Supervisory Board
Conflicts of interest	Gov-Col	Corporate operations	Description	Vastned considers it very important for the members of the Executive Board and the Supervisory Board to act independently, without any conflicting interests. It has adopted a number of regulations and codes to ensure this. During the 2019 reporting year the members of the Executive Board and the Supervisory Board were independent and there were no conflicts of interest within the meaning of the Code or applicable laws and regulations. As a result, Vastned complies with Principle 2.1 of the Code. For more information on our compliance with the Dutch Corporate Governance Code, see page 71 of our Annual Report.		Supervisory Board and Executive Board

n/a = Not applicable.
1) The ratio represents the remuneration award to Supervisory Board members of equal position. As such it excludes the Chairman.
2) We are not currently able to report this performance measure.
3) Given the number of staff employed by Vastned we report the total number of injuries rather than injury rate.
4) Vastned employs a technical building manager who is responsible for ensuring all mandatory H&S assessments are fully complied with, however reporting on these figures does not fall under our scope of operational control.
5) A Supervisory Board member steps down no later than after the Annual General Meeting of shareholders held in the fourth financial year following the financial year in which he was appointed. A Supervisory Board member who has stepped down can be reappointed forthwith, but only serve for a maximum of twelve years.
6) Marieke Bax is the Founder and former Director of 'Talent naar de Top'.

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Property in operation

The Netherlands

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Almelo	Grotestraat 32 / Hof van Gülick 51	1993	1920	210	1	1
	Grotestraat 36	1996	1920	430	1	0
	Grotestraat 83-85	1994	1850	255	1	0
	Grotestraat 97b / Koornmarkt 3-5 and 9-11	1993	1920	1,132	6	0
Amersfoort	Langestraat 8	1990	1900	409	1	1
	Utrechtsestraat 13 / Hellestraat 3	2008	1900	97	1	1
Amsterdam	Ferdinand Bolstraat 47-49	2017	1885	316	1	5
	Ferdinand Bolstraat 65	1989	1883	113	1	3
	Ferdinand Bolstraat 79-81	1987	1905	160	1	6
	Ferdinand Bolstraat 85 / 1e Jan Steenstraat 89	2019	1884	617	1	4
	Ferdinand Bolstraat 88	1987	1883	85	1	3
	Ferdinand Bolstraat 92 / G. Flinckstraat 118	1987	1882	81	1	6
	Ferdinand Bolstraat 95-97 / 1e Jan v.d. Heydenstraat 88a-90	1987	1892	194	1	9
	Ferdinand Bolstraat 101	1989	1892	118	1	3
	Ferdinand Bolstraat 109	1989	1882	76	1	3
	Ferdinand Bolstraat 120 / 1e Jan v.d. Heydenstraat 88	1993	1893	130	1	6
	Ferdinand Bolstraat 122	1987	1893	95	1	3
	Ferdinand Bolstraat 124	1987	1893	75	1	3
	Ferdinand Bolstraat 126	1989	1893	80	1	3
	Heiligeweg 37	2014	1907	114	1	0
	Heiligeweg 47	1989	1899	60	1	0
	Kalverstraat 9	1990	1900	253	1	0
	Kalverstraat 11-17 / Rokin 12-16	2015	2014	6,000	3	0
	Kalverstraat 132	2014	1894	118	2	0
	Kalverstraat 162-164	1988	1800	328	1	0
	Kalverstraat 182	1987	1900	95	1	0
	Kalverstraat 208	1991	1850	160	1	0
	Keizersgracht 233	2019	1900	210	1	1
	Keizersgracht 504	2012	1686	200	1	1
	Leidsestraat 2 / Herengracht 424	2016	1900	431	2	2
	Leidsestraat 5	1990	1905	380	1	0
	Leidsestraat 23	2013	1700	160	1	0
	Leidsestraat 46	2012	1900	190	1	0
	Leidsestraat 60-62	2014	1750	82	1	4
	Leidsestraat 64-66 / Kerkstraat 44	1986	1912	790	3	0
	Nes 67 / Sint Barberensteeg 4	2019	1923	1,234	1	0
	P.C. Hooftstraat 35	2015	1904	225	1	0
	P.C. Hooftstraat 37	2015	1897	112	1	0
	P.C. Hooftstraat 46-50	2014	1885	684	2	4
	P.C. Hooftstraat 49-51	2013	1905	380	1	5
	P.C. Hooftstraat 78, 78-I-II-III	2013	1905	465	2	0
	Reguliersbreestraat 9 / Amstel 8	1987	1905	277	2	3
	Reguliersdwarsstraat 80-82-84	2018	1832	803	1	7
	Rembrandtplein 7 1)	2007	1897	285	1	1
	Spuistraat 3E and 3F	2017	1900	189	1	0
	Van Baerlestraat 86	1994	1800	90	1	2
	Van Baerlestraat 108-110	1990	1800	265	2	4

1) Land (partly) on long lease

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Apeldoorn	Deventerstraat 6	1990	1930	70	1	0
	Deventerstraat 14 and 14a	1994	1900	295	2	0
Arnhem	Bakkerstraat 3a and 4 / Wielakkerstraat 8	1990	1600	188	2	1
	Bakkerstraat 5 and 6 / Wielakkerstraat 10	1994/2014	1950	971	3	0
	Koningstraat 12-13 / Beekstraat 105-107 and 108	1988	1890	1,052	5	2
	Vijzelstraat 24	1994	1800	161	1	0
Breda	Eindstraat 14-16	1988	1924	260	1	0
	Ginnekenstraat 19	1993	1980	150	1	0
	Ginnekenstraat 80-80a	1998	1905	165	1	5
	Grote Markt 29 / Korte Brugstraat 2	1991	1953	102	2	0
	Karrestraat 25	1994	1920	268	0	2
	Ridderstraat 19	1994	1800	225	1	0
	Torenstraat 2 / Korte Brugstraat 14	1992	1953	90	1	0
	Veemarktstraat 30	1991	1920	555	1	0
	Veemarktstraat 32	1992	1800	70	1	1
Brunssum	Kerkstraat 45 / Schiffelerstraat 1	1997	1970	620	3	0
Dedemsvaart	Julianastraat 13-19	1997	1922	1,190	3	0
Doetinchem	Dr. Huber Noodtstraat 2	1997	1968	1,840	2	0
	Korte Heezenstraat 6 / Heezenpoort 13-15 and 21	1994	1985	310	3	0
Doorwerth	Mozartlaan 52-66 / van der Molenallee 107-125	1997	2007	3,395	13	0
Eerbeek	Stuyvenburchstraat 44	1997	1965	350	2	2
Eindhoven	Orionstraat 137-159	1993	1973	3,102	6	0
	Rechtestraat 25	1992	1930	100	1	0
	Rechtestraat 44-48	1988	1966	3,273	2	0
Emmeloord	Lange Nering 65	1993	1960	275	1	1
Enschede	Kalanderstraat 6	1993	1950	124	1	0
Goor	Grotestraat 61 and 63	1994	1910	859	1	1
Haaksbergen	Spoorstraat 45	1997	1986	800	0	1
Haarlem	Grote Houtstraat 90	1988	1850	96	1	0
Hardenberg	Fortuinstraat 21	1997	1985	300	1	0
	Voorstraat 10	1997	1930	1,173	1	0
Harderwijk	Markt 14	1991	1875	470	1	0
Heerlen	Saroleastraat 38	1994	1930	225	1	1
Hengelo	Wegtersweg 4	2006	2006	4,622	1	0
’s-Hertogenbosch	Hinthamerstraat 48	1988	1900	130	1	2
	Markt 27	2012	1648	225	1	0
	Schapenmarkt 17-19	2014	1930	1,254	1	0
Houten	Onderdoor 4, 4a	2010	2010	2,105	2	0
Joure	Midstraat 153 - 163	2006	1981	2,519	4	5
Leeuwarden	Wirdumerdijk 7 / Weaze 16	1994	1920	520	2	1
Maastricht	Grote Staat 59	2014	1742	240	0	2
	Muntstraat 16-18	1989	1897	135	1	0
	Muntstraat 20	1987	1891	110	1	0
	Muntstraat 21-23	2014	1920	311	1	0
	Wolfstraat 8 / Minckelersstraat 1	1992	1883	789	2	0
	Wolfstraat 27 - 29	2013	1752	455	0	1
Middelharnis	Westdijk 22-24	1997	1990	325	1	0
Nijmegen	Broerstraat 26 / Scheidemakershof 37	1993	1960	161	1	3
	Broerstraat 70 / Plein 1944 nr. 151	1989	1951	1,033	1	0
	Plein 1944 nr. 2	1988	1957	164	1	7

The Netherlands cont.

City	Location		Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Oss	Heschepad 47-51 / Molenstraat 21-25		1986	1983	2,803	3	0
Renkum	Dorpsstraat 21-23		1997	1907	520	2	0
Ridderkerk	St. Jorisplein 30		1994	1970	478	2	0
Roermond	Steenweg 1C / Schoenmakersstraat 2, 10-16, 18		1986	1980	2,497	6	0
Roosendaal	Nieuwe Markt 51		1994	1960	200	1	0
Rotterdam	Keizerswaard 73		1996	1992	280	1	0
	Winkelcentrum Zuidplein	2)	94/95/10	1972	1,315	7	0
Schiedam	Winkelcentrum Hof van Spalen	1) 2)	96/97	70/78	347	2	0
The Hague	Korte Poten 10		1989	1916	56	1	0
	Korte Poten 13		1990	1916	120	1	2
	Korte Poten 42		1987	1900	55	1	4
	Lange Poten 7		1989	1937	112	1	0
	Lange Poten 21		1989	1916	204	1	2
	Plaats 17 and 21		1990	1916	415	2	0
	Plaats 25		1987	1920	517	1	0
	Spuistraat 13		1988	1930	662	1	0
	Vlamingstraat 43		1995	1916	163	1	0
	Wagenstraat 3-5 / Weverplaats		2012	2012	3,176	1	0
Tiel	Waterstraat 29 / Kerkstraat 2b		1994	1850	70	1	1
	Waterstraat 51		1994	1920	65	1	0
Tilburg	Winkelcentrum Westermarkt	2)	93/94/08	61/62/63	7,614	12	0
Uden	Marktstraat 30a, 32-34		1994	1958	420	1	1
Utrecht	Achter Clarenburg 19		1987	1975	91	1	0
	Bakkerstraat 16		2013	1900	642	1	3
	Choorstraat 13		1987	1900	139	1	1
	Drieharingstraat 2-8, 14-18 and 22		2018	1900	3,048	7	0
	Lange Elisabethstraat 6		1987	1850	113	1	0
	Lange Elisabethstraat 36		1993	1850	188	1	0
	Nachtegaalstraat 55		1994	1904	2,116	2	2
	Oudegracht 124-128		1990	1930	393	2	2
	Oudegracht 134-136 / Vinkenburgstraat 8 and 12-14		1987	1900	2,482	11	5
	Oudegracht 153-159		1997/2013	1904	1,616	6	2
	Oudegracht 161		1997	1900	1,963	2	10
	Steenweg 9 / Choorstraat 9-9bis		1990	1900	578	2	3
	Steenweg 22-28		2014	1800	288	3	3
	Steenweg 31-33 / Hekelsteeg 7		2013	1450	790	1	1
	Vismarkt 4		2017	1900	308	1	0
	Vredenburg 1		2018	1900	264	1	0
	Vredenburg 9, 9a, 9b		2016	1900	1,308	2	4
Veghel	Kalverstraat 8-14		1993	1988	446	2	3
Venlo	Lomstraat 30-32		1993	1960	465	1	0
	Lomstraat 33		1994	1970	50	1	0
Venray	Grotestraat 2-4 / Grote Markt 2a-4		1986	1946	1,166	4	0
Vriezenveen	Westeinde 21-29		1993	1938	2,611	9	0
Winschoten	Langestraat 22		1994	1900	70	1	0
	Langestraat 24 / Venne 109		1991	1960	430	2	0

1) Land (partly) on long lease
2) Concerns partial ownership

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Winterswijk	Dingstraat 1-3	1998	1900	2,335	1	0
	Misterstraat 8 / Torenstraat 5a and 5c	1996	1900	441	1	2
	Misterstraat 12 / Torenstraat 5b	1991	1939	135	1	1
	Misterstraat 14	1991	1989	377	2	0
	Misterstraat 33	1999	1900	550	1	0
	Weurden 2-4	1998	1977	278	0	3
	Wooldstraat 26	1999	1900	603	2	0
Zutphen	Beukerstraat 28	1989	1800	296	1	0
	Beukerstraat 40	1989	1838	335	1	0
Zwolle	Diezerstraat 62	1996	1910	95	1	0
	Diezerstraat 74 and 74a	2012	1800	315	1	4
	Diezerstraat 78	1990	1832	140	1	0
	Luttekestraat 26 / Ossenmarkt 1a	1990	1930	78	1	1
	Roggenstraat 6	1987	1900	106	1	0
TOTAL PROPERTY IN OPERATION NETHERLANDS				**107,213**	**279**	**192**

France

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Bordeaux	Cours de l'Intendance 12	2011	1900	390	1	0
	Cours de l'Intendance 47	2011	1900	262	1	0
	Cours de l'Intendance 56	2013	1900	310	1	0
	Cours de l'Intendance 58	2013	1900	115	1	0
	Cours de l'Intendance 60	2013	1900	508	1	0
	Cours de l'Intendance 61	2012	1900	697	2	2
	Cours de l'Intendance 62	2013	1900	660	1	0
	Cours de l'Intendance 64-66	2013	1900	240	1	0
	Cours Georges Clémenceau 12	2011	1900	360	1	2
	Rue de la Porte Dijeaux 73	2012	1950	138	1	0
	Rue Sainte Catherine 20	2011	1900	592	1	13
	Rue Sainte Catherine 27-31	2011	1900	1,013	3	3
	Rue Sainte Catherine 35-37	2011	1900	343	1	0
	Rue Sainte Catherine 39	2011	1900	328	1	1
	Rue Sainte Catherine 66	2012	1950	133	1	0
	Rue Sainte Catherine 131	2012	1900	346	1	0
Cannes	Rue d'Antibes 40	2000	1950	819	1	0
Lille	Place de la Gare 8	2007	1945	156	2	0
	Place des Patiniers 1 bis	2007	1900	112	1	0
	Place des Patiniers 2-4	2007	1945	56	1	0
	Place du Lion d'Or 9	2007	1870	152	1	0
	Place Louise de Bettignies 15-17	2007	1870	352	1	0
	Rue Basse 8	2007	1930	148	1	0
	Rue de la Grande Chaussée 25	2007	1870	200	1	0
	Rue de la Grande Chaussée 29 -1	2007	1870	236	1	0
	Rue de la Grande Chaussée 29 -2	2007	1870	240	0	3
	Rue de la Grande Chaussée 33-35	2007	1870	429	1	0
	Rue de la Monnaie 2	2007	1870	468	0	4
	Rue de la Monnaie 2 / Place Louise de Bettignies 11-14	2007	1870	240	1	0
	Rue de la Monnaie 4	2007	1870	103	1	0
	Rue de la Monnaie 6	2007	1870	123	1	0
	Rue de la Monnaie 6 bis	2007	1870	82	1	0
	Rue de la Monnaie 12	2007	1870	172	1	0
	Rue de la Monnaie 13	2007	1870	85	1	0
	Rue des Chats Bossus 13	2007	1870	454	1	0
	Rue des Chats Bossus 21	2007	1870	168	1	0
	Rue des Ponts de Comines 30	2007	1945	197	1	0
	Rue des Ponts de Comines 32	2007	1945	267	1	0
	Rue du Curé Saint-Etienne 6	2007	1950	153	1	0
	Rue du Curé Saint-Etienne 17	2007	1870	172	1	0
	Rue Faidherbe 28-30	2007	1945	102	1	0
	Rue Faidherbe 32-34	2007	1945	598	1	0
	Rue Faidherbe 38-44	2007	1945	200	1	0
	Rue Faidherbe 48	2007	1945	135	1	0
	Rue Faidherbe 50	2007	2015	235	1	0
	Rue Faidherbe 54	2007	2015	139	1	0
Lyon	Rue Édouard Herriot 70	2014	1900	388	2	0
	Rue Victor Hugo 5	2001	1950	90	1	0
Nice	Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	2001	1950	362	1	0

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Paris	Rue d'Alésia 123	2006	1956	419	1	0
	Rue de Rennes146	2016	1900	195	1	0
	Rue de Rivoli 102	2012	1900	1,106	3	0
	Rue de Rivoli 118-120, Rue du Plat d'Etain 19 and Rue Pernelle 5	1998	1997	3,500	6	9
	Rue des Archives 21	2016	1900	163	1	0
	Rue des Francs Bourgeois 10	2018	1900	141	1	0
	Rue des Francs Bourgeois 12	2018	1900	154	1	0
	Rue des Francs Bourgeois 29	2017	1900	229	1	0
	Rue des Rosiers 3ter	2015	1900	383	1	0
	Rue des Rosiers 19	2017	1900	58	1	0
	Rue Vieille du Temple 26	2016	1900	213	1	0
	Rue Montmartre 17	2006	2003	246	1	0
Saint-Étienne	Rue Saint-Jean 27	2001	1950	51	1	0
TOTAL PROPERTY IN OPERATION FRANCE				**21,126**	**72**	**37**

Belgium [2)]

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Aalst	Albrechtlaan 56 [1)]	2000	> 1980	1,000	1	-
	Brusselsesteenweg 41	2007	> 1980	770	1	-
	Nieuwstraat 10	1998	< 1950	145	1	-
Aartselaar	Antwerpsesteenweg 13 / 4	2000	> 1980	1,334	1	-
Antwerp	Armeduivelstraat 6	2015	< 1950	132	1	-
	De Keyserlei 47	2000	< 1950	62	1	-
	De Keyserlei 49	2000	< 1950	102	1	-
	Graanmarkt 13	2015	< 1950	887	2	-
	Groendalstraat 11	2000	< 1950	39	-	-
	Huidevettersstraat 12-14	1994	< 1950	684	1	-
	Korte Gasthuisstraat 17	2015	< 1950	823	1	-
	Korte Gasthuisstraat 27	2000	< 1950	145	1	-
	Leysstraat 17	2000	< 1950	325	1	2
	Leysstraat 28-30	1997	< 1950	1,641	2	5
	Meir 99	1996	< 1950	583	1	-
	Schuttershofstraat 22	2015	< 1950	272	1	-
	Schuttershofstraat 24	2000	< 1950	190	1	-
	Schuttershofstraat 30	2000	< 1950	50	1	-
	Schuttershofstraat 32 / Arme Duivelstraat 2	2000	< 1950	54	1	-
	Schuttershofstraat 55	2015	< 1950	139	1	-
	Steenhouwersvest 44-46-48	2017	1950–1980	910	3	4
Balen	Molsesteenweg 56	1999	> 1980	1,871	1	-
Boechout	Hovesesteenweg 123-127	2002	> 1980	1,230	1	-
Bruges	Steenstraat 38	2013	< 1950	697	1	-
	Steenstraat 80	1998	< 1950	2,697	1	-
Brussels	Elsensesteenweg 16	1996	< 1950	1,222	2	-
	Elsensesteenweg 41-43	1998	< 1950	6,809	7	-
	Louizalaan 7	2000	< 1950	616	1	-
	Nieuwstraat 98	2001	< 1950	201	1	-
Drogenbos	Nieuwe Stallestraat 217	2007	> 1980	530	1	-
Genk	Hasseltweg 74	2002	> 1980	2,331	3	-
Ghent	Veldstraat 23-27	2014	< 1950	2,050	1	-
	Veldstraat 81	1998	< 1950	675	1	-
	Volderstraat 15	1993	< 1950	280	1	-
	Zonnestraat 10	1998	< 1950	519	1	2
	Zonnestraat 6-8	1998	< 1950	3,484	1	-
Grivegnée	Rue Servais Malaise 31	2002	> 1980	2,000	1	-
Huy	Rue Joseph Wauters 3 [1)]	2007	> 1980	1,000	2	-
Jemappes	Avenue Wilson 510	2007	> 1980	900	2	-
Kampenhout	Mechelsesteenweg 38-42	1999	> 1980	3,322	3	-
Korbeek-Lo	Tiensesteenweg 378 [1)]	2007	> 1980	990	2	-
Leopoldsburg	Lidostraat 7	1999	> 1980	1,850	1	-
Leuven	Bondgenotenlaan 69-73	2001	< 1950	1,495	2	-
Liège	Rue Pont d'Ile 45	1998	< 1950	55	1	-
	Rue Pont d'Ile 49	1998	< 1950	375	1	-
Mechelen	Bruul 39-41	2000	< 1950	361	2	-
	Bruul 42-44	2001	< 1950	3,426	1	-
	Borzestraat 5	2001	< 1950	145	1	-
Moeskroen	Petite Rue 18	1998	< 1950	235	1	-
Mons	Grand Rue 19	2000	< 1950	185	1	-
Montignies-sur-Sambre	Rue de la Persévérance 14	2007	> 1980	750	1	-
Namur	Galerie Jardin d'Harscamp	2011	1950–1980	2,270	10	-
Philippeville	Zoning des Quatre Bras	1999	> 1980	3,689	6	-
Schaarbeek	Leuvensesteenweg 610-640	1999	> 1980	2,964	4	-
Tielt-Winge	Retailpark 't Gouden Kruispunt	1999-2002	> 1980	18,096	21	-
Turnhout	Gasthuisstraat 32	1996	< 1950	505	1	-
Wavre	Boulevard de l'Europe 41	2007	> 1980	860	1	-
	Rue du Commerce 26	1998	< 1950	242	1	-
	Rue du Pont du Christ 46 / Rue Barbier 15	1998	< 1950	319	1	-
Wilrijk	Boomsesteenweg 666-672	2000	> 1980	5,205	4	-
TOTAL PROPERTY IN OPERATION BELGIUM				**86,738**	**119**	**13**

1) Land on long lease
2) All Belgian properties (excluding Korte Gasthuisstraat 17 in Antwerp) are held directly by Vastned Retail Belgium, in which Vastned has a 65.5% interest at year-end 2019

Spain

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Leon	Avenida Ordoño II 18	2001	< 1950	591	1	-
Madrid	Calle de Fuencarral 23	2006	< 1950	256	1	-
	Calle de Fuencarral 25	2006	< 1950	120	1	-
	Calle de Fuencarral 27	2018	< 1950	128	1	-
	Calle de Fuencarral 37	2016	< 1950	611	1	-
	Calle José Ortega y Gasset 15	2016	< 1950	396	1	-
	Calle Serrano 36	1999	< 1950	615	1	-
	Calle Tetuân 19 / Calle Carmen 3	2002	< 1950	429	1	-
Málaga	Plaza de la Constitución 9	2010	< 1950	273	1	-
TOTAL PROPERTY IN OPERATION SPAIN				**3,419**	**9**	**-**

Assets held for sale

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Netherlands						
Helmond	Veestraat 1	1994	1950	240	1	-
	Veestraat 39	1994	1960	136	0	-
TOTAL ASSETS HELD FOR SALE				**376**	**1**	**-**
TOTAL PROPERTY				**218,872**	**480**	**242**

Shareholder information

ISIN code NL0000288918
Reuters VASN.AS
Bloomberg VASTN.NA

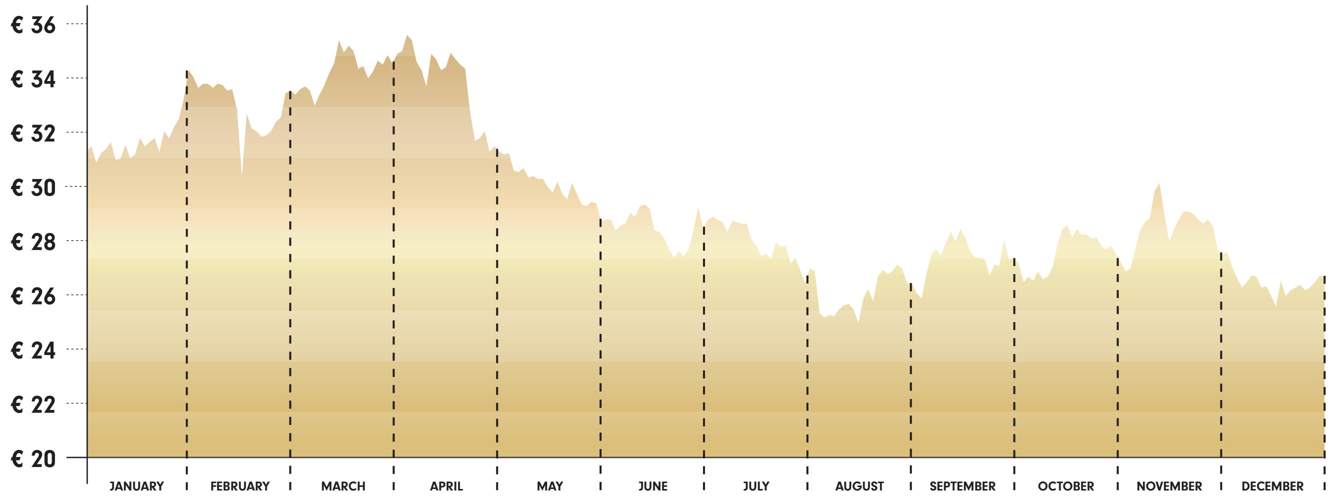
Shares in Vastned Retail N.V. (Vastned) have been listed on Euronext Amsterdam since 9 November 1987. Vastned has been part of the Amsterdam Small Cap Index (ASxC) since 18 September 2017.

The share's nominal value is € 5. The total number of shares in issue was 19,036,646 at year-end 2019. Due to the repurchasing of shares in 2017, 2018 and 2019, which are held as treasury shares, the total number of shares in issue was 17,151,976 at year-end 2019. No shares were issued in 2019.

At year-end 2019, Vastned's market capitalisation, being the number of shares in issue multiplied by the share price, was € 458 million. The average daily trading volume in 2019 was € 814 thousand or approximately 27,000 shares. Vastned has engaged Kempen & Co as a paid liquidity provider to ensure continuous liquidity of the share.

The larger part of the trade in the Vastned share, being 75%, took place on Euronext Amsterdam. Other trading platforms used: Aquis Exchange (7%), BATS (5%), Chi-X (3%), Turquoise (2%) and Equiduct (2%).

Movement Vastned share price in 2019



Share price information

	2019	2018	2017	2016	2015
Market capitalisation at year-end (€ million)	458	560	786	702	806
Lowest closing price	€ 25.0	€ 30.25	€ 32.98	€ 33.90	€ 36.40
Highest closing price	€ 35.60	€ 42.40	€ 41.90	€ 42.60	€ 48.99
Closing price year-end	€ 26.70	€ 31.30	€ 41.30	€ 36.86	€ 42.35
Average daily trading volume on Euronext (shares)	27,000	34,000	47,000	31,000	43,000

Key data per share

	2019	2018	2017	2016	2015
Direct result	€ 2.03	€ 2.22	€ 2.22	€ 2.42	€ 2.58
Indirect result	€ (0.73)	€ 0.04	€ 2.89	€ (1.03)	€ 0.86
Dividend	€ 2.05 1)	€ 2.05	€ 2.05	€ 2.05	€ 2.05
Net asset value	€ 46.28	€ 46.40	€ 46.12	€ 42.26	€ 42.90

1) Subject to approval from the Annual General Meeting of Shareholders on 16 April 2020

Dividend

Following approval from the Annual General Meeting of shareholders on 19 April 2019, Vastned on 7 May 2019 distributed a final dividend for 2018 of € 1.34 per share. The total dividend for 2018 was € 2.05 per share, just as in the preceding two years. In line with Vastned's dividend policy of paying out 60% of the direct result for the first half year, an interim dividend of € 0.58 was paid out on 20 August 2019.

Vastned proposes to the Annual General Meeting of shareholders once again to declare a total dividend of € 2.05 per share for the full calendar year 2019. This equates to 101% of the direct result and is in line with the dividend policy to distribute a dividend of at least 75% of the annual direct result.

Shareholder return

Vastned's 2019 opening price was € 31.35. Over the year the share price ranged between € 25.00 and € 35.60, and closed the year at € 26.70. Vastned distributed a final dividend of € 1.34 per share for 2018, and an interim dividend for 2019 of € 0.58 per share, taking the total shareholder return (price movement and dividend payment) for 2019 to 8.6% negative, from 19.7% negative in 2018.

Share ownership

In compliance with the Financial Supervision Act and the Act on the Disclosure of Major Holdings in Listed Companies (WMZ), the following parties are known to Vastned as shareholders holding an interest of 3% or more of the shares in issue at year-end 2019:

	Interest	AFM Report date
Van Herk Investments B.V.	24.98%	21 August 2018
BlackRock Inc.	4.54%	21 June 2019
Baillie Gifford & Co	3.04%	24 August 2018
Société Fédérale de Participations et d'Investissement (SFPI)	3.02%	21 January 2016

There have been no transactions with major shareholders, being parties holding an interest of over 10%.

The Executive Board and two members of the Supervisory Board hold interests in Vastned in order to emphasise their involvement with the company and their belief in the strategy.

	Number of shares at year-end 2019
Taco T.J. de Groot (CEO)	73,076
Reinier Walta (CFO)	2,000
Marc C. van Gelder (Chairman of the Supervisory Board)	7,100
Jaap G. Blokhuis (member of the Supervisory Board)	1,000

Share buyback

On 19 October 2018, Vastned started a share buyback programme of € 40 million maximum which, after extension, ran through to 17 April 2019, and was financed from the credit facilities available to the Company. In 2019, Vastned bought back 742,616 shares for € 24.9 million including costs. The repurchased shares will be held as treasury shares.

Below, we list the transactions by period, including the cumulative end total of the buyback programme.

Share buyback	Number of shares	Average price (€)	Total (€ mln)
Q4 2018	292,208	33.47	9.8
Q1 2019	607,336	33.22	20.2
Q2 2019	135,280	34.78	4.7
Total	**1,034,824**	**33.50**	**34.7**

Treasury shares

	2019
Balance as at 1 January	1,142,054
Purchased	742,616
Balance as at 31 December	**1,884,670**

Convertible bonds

The convertible bond loan of € 110 million as redeemed on the maturity date (10 April 2019) in cash from the available credit facilities.

Investor relations

Information provision

Vastned is committed to communicating the developments in the company promptly, clearly and unambiguously to all stakeholders. This is done by publishing press releases, interim reports and annual reports, trading updates, the Vastned website and its LinkedIn page. On the date of publication of the half-yearly and annual figures, Vastned publishes its presentation on its website, where visitors can also watch a live webcast of the presentation, which is also available for replay.

Furthermore, the CEO, CFO and/or the Investor Relations Manager have frequent contacts with current and potential shareholders and other market parties. Such contacts usually take place during roadshows, in broker conferences, during property viewings and in telephone calls. These contacts take place with (large) groups of current and potential shareholders, or bilaterally. Vastned has drawn up a 'policy on bilateral contacts with shareholders', which has been published on the website.

Vastned regularly asks different analysts and investors for their opinion of Vastned's performance in an anonymous survey conducted by an external party. The report based on the survey is immediately shared and discussed in full with the Supervisory Board.

Price-sensitive information

Vastned complies with its statutory obligations with respect to confidentiality, disclosure of inside information and equal treatment of shareholders. Price-sensitive information is always disclosed in press releases, reported to the financial authorities (AFM) and placed on Vastned's website. Periodic financial reports and other press releases are published in the same way. In contacts with the press, individual investors and analysts, only previously published information is commented upon.

Closed periods

In the 30-day period preceding the publication of the annual results and interim results, Vastned observes a 'closed period'. There are no closed periods ahead of the publication of the first and third quarter trading updates.

Vastned in principle does not hold discussions or conversations with current or potential shareholders or other market parties during closed periods. The Executive Board may deviate from this if it is in the interests of the Company.

Annual report

In its annual reports Vastned endeavours to present the clearest and most transparent possible account of its activities and the developments throughout the past year, and of its plans for the year ahead. The annual report is also an important medium to further explain the company's value creation and strategy.

Vastned's 2018 annual report won the company its ninth 'Gold Award' from the European Public Real Estate Association (EPRA). This award is presented to companies who have best implemented EPRA's Best Practice Recommendations (BPR). The BPR aim to raise the transparency and consistency of the financial reporting of listed property companies.

In addition, Vastned has set itself the objective of creating long-term value for its stakeholders, and in light of this Vastned believes it is important to report transparently on both financial and non-financial results. On the year 2018, Vastned reported in accordance with EPRA's Sustainability Best Practice Recommendations' (sBPR). In 2019, Vastned received its third consecutive Gold Award from EPRA as the highest recognition in this area.

Sell-side analysts

Vastned's developments are followed by seven parties, who regularly publish reports on the company. Analysts' reports and valuations sent to Vastned prior to publication are not checked, commented on or corrected, other than for factual inaccuracies. Nor does Vastned pay any fees to parties for preparing analysts' reports.

Contact information

For further information on Vastned and/or the Vastned share, please contact the Investor Relations Manager on +31 20 2424300.

Financial calendar 2020

11 February
after trading
Annual results 2019

5 March
before trading
Annual report 2019

16 April
Annual General Meeting of shareholders

20 April
Ex final dividend date 2019

21 April
Final dividend record date 2019

4 May
Payment date final dividend 2019

6 May
after trading
Q1 trading update 2020

29 July
after trading
Half-year results 2020

3 August
Ex interim dividend date 2020

4 August
Interim dividend record date 2020

17 August
Interim dividend payment date 2020

27 October
after trading
9M trading update 2020

Meir 99, Antwerp

GRI Content Index Vastned – Core

GRI SRS	Disclosure	Reference Annual Report 2019
GRI 102: General Disclosures 2016		
1. Organizational profile		
102-1	Name of the organisation	• Profile (pg 9)
102-2	Main brands, products and/or services	• Profile (pg 9)
102-3	Location of headquarters of the organisation	• Contact details (pg 236)
102-4	Number of countries where the organisation has operations	• Profile (pg 9) • Strategy (pg 33)
102-5	Ownership and legal form	• Profile (pg 9)
102-6	Markets served	• Profile (pg 9) • Stakeholders (pg 29) • Strategy (pg 33)
102-7	Scale of the reporting organisation	• Key figures (pg 14) • Key portfolio figures (pg 15)
102-8	Staff composition	• Employees (pg 68)
102-9	Description of the organisation's supply chain	• Value creation model (pg 26)
102-10	Significant changes to the organisation and its supply chain	• Key events 2019 (pg 12)
102-11	Explanation on the application of the precautionary principle by the reporting organisation	• Risk management (pg 77)
102-12	Externally developed economic, environmental and social charters, principles that are endorsed by the organisation	• Sustainability - principles (pg 64) • Reporting (pg 69)
102-13	Memberships of associations (such as trade associations) and national and international interest groups	• Association for the representation of the joint interests of listed real estate investment institutions • EPRA
2. Strategy		
102-14	Statement from senior decision-maker	• Preface (pg 5)
3. Ethics and integrity		
102-16	Description of the values, principles, standards, and norms of behaviour applied by the organisation, such as a code of conduct	• Sustainability - principles (pg 64) • Sustainability framework (pg 36)
4. Governance		
102-18	Governance structure of the organisation	• Corporate governance (pg 71) • Composition of the management team (pg 228)

GRI SRS	Disclosure	Reference Annual Report 2019
GRI 102: General Disclosures 2016		
5. Stakeholder engagement		
102-40	List of List of stakeholder groups engaged by the organisation	• Stakeholders (pg 29)
102-41	Employees subject to a collective labour agreement	• Employees (pg 68)
102-42	Principles for identifying and selecting stakeholders	• Stakeholders (pg 29)
102-43	Approach to stakeholder engagement	• Stakeholder dialogue (pg 30)
102-44	Key topics and concerns raised	• Stakeholder dialogue (pg 30)
6. Reporting		
102-45	Entities included in the consolidated financial statements who are not included in the report	• Financial statements (pg 125)
102-46	Process and principles used for defining report content and topic boundaries	• Reporting (pg 69-70) • Stakeholders (pg 29) • Materiality matrix (pg 31)
102-47	Material topics determined in the process to define the content of the report	• Materiality matrix (pg 31)
102-48	Consequences of and reasons for any restatements of information provided in an earlier report	• No restatements took place
102-49	Changes in reporting	• Materiality matrix (pg 31)
102-50	Reporting period	• The information in the annual report covers the period from 1 January 2019 up to and including 31 December 2019
102-51	Date of most recent previous report	• The most recent previous report was published on 13 February 2019
102-52	Reporting cycle	• Reporting (pg 69-70)
102-53	Contact point for questions regarding the report or its contents	• Contact details and colophon (pg 236)
102-54	Claims of reporting in accordance with the GRI Standards	• Reporting (pg 69-70)
102-55	GRI Content Index	• GRI Index (pg 224-227)
102-56	Policy on external assurance	• Reporting (pg 70)

GRI SRS	Disclosure	Reference Annual Report 2019
Topic Specific Standards		
Stable and predictable long-term results		
103	Management approach	• Our business model (pg 28) • Materiality matrix (pg 31) • Strategy (pg 33) • Our objectives and results (pg 38) • Sustainability framework (pg 36)
Own indicator	Direct result	• Our objectives and results (pg 38)
Own indicator	Loan-to-value	• Our objectives and results (pg 38)
Own indicator	Ratio of loans with fixed vs floating interest rate	• Our objectives and results (pg 38)
Own indicator	Ration of non-bank financing	• Our objectives and results (pg 38)
Transparent and honest communication		
103	Management approach	• Reporting (pg 69-70) • Materiality matrix (pg 31) • Stakeholders (pg 29) • Sustainable Development Goals (pg 37) • Tone at the top (pg 78)
Own indicator	Own indicator Score on transparency benchmark and Tax transparency benchmark	• Reporting (pg 69-70) • Our objectives and results
Ethical business operations		
103	Management approach	• Materiality matrix (pg 31) • Sustainable Development Goals (pg 37) • Principles (pg 64) • Contribution to society (pg 65) • Code of conduct and associated regulations (pg 73)
205-3	Reported incidents of corruption	• Our objectives and results (pg 38)
Own indicator	Ratio of employees who have taken training on anti-corruption and disclosure of non-ublic info	• Our objectives and results (pg 38)
Own indicator	Ratio of employees who confirm compliance with code of conduct	• Our objectives and results (pg 38)

GRI SRS	Disclosure	Reference Annual Report 2019
Topic Specific Standards		
Open and inclusive culture		
103	Management approach	• Materiality matrix (pg 31) • Sustainable Development Goals (pg 37) • Organisation (pg 31) • Code of conduct and associated regulations (pg 73) • Diversity policy and objectives
405-1	Diversity of governance bodies and employees	• Our objectives and results (pg 38)
406-1	Incidents of discrimination and action taken	• Our objectives and results (pg 38)
Sustainable and efficient buildings		
103	Management approach	• Materiality matrix (pg 31) • Sustainable Development Goals (pg 37) • Sustainability (pg 64-70) • EPRA performance indicators (pg 202)
Own indicator	Growth of ratio of assets with an EPC	• Our objectives and results (pg 38)
Own indicator	Raising the number of leases with a green and ethical clause in the biggest European cities	• Our objectives and results (pg 38)
Own indicator	Ratio of renovations with attention for energy and water efficiency	• Our objectives and results (pg 38)
305-1	Scope 1 emissions	• EPRA indicators (pg 202-205)
305-2	Scope 2 emissions	• EPRA indicators (pg 202-205)

Composition of the Management Team

Taco T.J. de Groot LLM MRE MRICS (1963/M)

CEO and Statutory Director,
Chairman of the Management Team

Nationality
Dutch
Appointments
2011, 2015, 2019
(Current term ends 2023)
Committees
Sustainability task force
Other positions as at 31 December 2019
Co-CEO Vastned Retail Belgium NV, Member of Board of Directors Vastned Retail Belgium NV, Non-Executive Director EPP NV, Non-Executive Director Tritax EuroBox Plc
Relevant experience
Eurindustrial NV (SB, interim), MSeven LLP Real Estate & Fund Management (Partner), GPT Halverton LLP (CIO), Stichting Habion (SB), Cortona Holdings (CEO), DTZ Zadelhoff
Vastned shares
73,076

Reinier Walta MSRE
(1974/M)

CFO and Managing Director,
member of the Management Team

Nationality
Dutch
Appointments
2014, 2018 (Current term ends 2022)
Committees
–
Other positions as at 31 December 2019
Co-CFO Vastned Retail Belgium NV, member of the Board of Directors Vastned Retail Belgium NV, Treasurer at Association for the representation of the joint interests of listed real estate investment institutions
Relevant experience
ADIA (Senior Transaction Manager), ING Real Estate Investment Management (Director), ING Real Estate (Senior Tax Manager), PwC (property tax lawyer)
Vastned shares
2,000

Peggy G. Deraedt LLM, MA (1970/F)

Company Lawyer,
member of the Management Team

Nationality
Belgian
In current position since
1 April 2004
Committees
–
Other positions as at 31 December 2019
Member of the board of directors Vastned Retail Belgium NV
Relevant experience
NautaDutilh (lawyer)
Vastned shares
61

Bozidar Vujanovic
(1993/M)

Business Analyst,
member of the Management Team

Nationality
Dutch and Serbian
In current position since
15 April 2019
Committees
Sustainability task force
Other positions as at 31 December 2019
–
Relevant experience
Deloitte (Finance & Data Analytics Consultant)
Vastned shares
0

Ingeborg W. van 't Woud LLM
(1978/F)

Company Secretary,
member of the Management Team

Nationality
Dutch
In current position since
4 December 2017
Committees
–
Other positions as at 31 December 2019
–
Relevant experience
Nielsen (Director Corporate Legal), Allen & Overy LLP (Deputy Civil-Law Notary)
Vastned shares
1,850

Composition of the Supervisory Board

Marc C. van Gelder (1961/M)

Chairman of the Supervisory Board

Nationality
Dutch
Appointments
2015, 2019 (Current term ends 2023)
Committees
Remuneration and nomination committee
Other positions as at 31 December 2019
Hans Anders (SB, chairman), Action (SB), JP Morgan European smaller companies trust plc (SB), Diabetes Fonds (SB, chairman), Paleis Het Loo (BoT), MedEye (SB)
Relevant experience
Mediq (CEO), Peapod (CEO), Ahold, McKinsey, Drexel Burnham Lambert, MIP Venture Capital Fund, GIMV (SB), Maxeda (SB)
Vastned shares
7,100

Marieke Bax LLM, MBA (1961/F)

Member of the Supervisory Board

Nationality
Dutch
Appointments
2012, 2016 (Current term ends 2020)
Committees
Remuneration and nomination committee (Chair)
Other positions as at 31 December 2019
Deloitte Disruptive M&A (Senior advisor), Deloitte Center for the Edge (Fellow), EESA Euroclear (NED), Vion Food Group (SB), Credit Lyonnais Securities Asia (BoD), Law Faculty UvA (Advisory Council), Governance University (Board of Governors), Professional Boards Forum (Advisor to the Board), Fonds Podiumkunsten (SB)
Relevant experience
KPMG Nederland (Adviser to the Board), Founder of 'Talent to the Top', ASR Verzekeringen (SB), Gooseberry Amsterdam (MP), Hot-Orange Amsterdam (CFO), Sara Lee (Head of M&A & Strategy Europe), Linklaters & Paines London (Associate), Securities and Investments Board London (Assistant Director)
Vastned shares
0

Charlotte M. Insinger LLM MBA (1965/F)

Member of the Supervisory Board

Nationality
Dutch
Appointments
2015, 2019 (Current term ends 2022)
Committees
Audit and compliance committee
Other positions as at 31 December 2019
Eneco (SB, chair), Stichting Nederlands Filmfonds (SB), Hogeschool Rotterdam (SB), Cerberus Global Investments (Managing Director), HAYA Real Estate S.L.U. (Non-Executive Director), Mosadex Groep (SB)
Relevant experience
PZEM (SB), De Volksbank (SB), Erasmus Medisch Centrum (CFO), Shell, Robeco, Vesteda Residential Fund (SB), LVNL (SB)
Vastned shares
0

Jaap G. Blokhuis (1958/M)

Member of the Supervisory Board

Nationality
Dutch
Appointment
2019 (Current term ends 2023)
Committees
Audit and compliance committee
Other positions as at 31 December 2019
Egeria Real Estate (Advisory Board), Vesteda (SB), Heembouw (SB)
Relevant experience
Multi Corporation (CEO), Redevco (CEO), Nationale-Nederlanden Vastgoed/ ING Real Estate
Vastned shares
1,000

Abbreviations

AFM	Authority for the Financial Markets
ATSR	Absolute Total Shareholder Return
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	Dutch corporate governance code
CPI	Consumer Price Index
EPRA	European Public Real Estate Association
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
REIT	Real Estate Investment Trust
RTSR	Relative Total Shareholder Return
SIIC	Société d'Investissements Immobiliers Cotées

Definitions

ATSR
The total shareholder return (share price movements plus dividends) of the Vastned share over a period of three financial years.

Average (financial) occupancy rate
100% less the average (financial) vacancy rate.

Average (financial) vacancy rate
The market rent applicable for a particular period of vacant properties, expressed as a percentage of the theoretical rental income for the same period.

Cert-Tot *(Type and number of sustainably certified assets)*
Cert-Tot refers to the total number of assets within a portfolio that have formally obtained sustainability certification, rating or labelling at the end of a reporting year.

DH&C-Abs *(Total district heating & cooling consumption)*
DH&C-Abs refers to the total amount of indirect energy consumed from district heating or cooling systems over a full reporting year. In this instance 'indirect' means energy generated off site and typically bought from an external energy supplier.

DH&C-LfL *(Like-for-like total district heating & cooling consumption)*
DH&C-LfL refers to the district heating & cooling consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

Direct result
Consist of Net rental income less net financing costs (excluding value movements financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

Elec-Abs *(Total electricity consumption)*
Elec-Abs refers to the total amount of electricity consumed. It includes electricity from renewable and non-renewable sources, whether imported and generated onsite.

Elec-LfL *(Like-for-like total electricity consumption)*
Elec-LfL refers to the electricity consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

Embedded energy
Embedded energy is the sum of all the energy required to produce any goods or services, considered as if that energy was incorporated or 'embodied' in the product itself.

Energy-Int *(Building energy intensity)*
Energy-Int refers to the total amount of direct and indirect energy used by renewable and non-renewable sources in a building over a full reporting year, normalised by an appropriate denominator.

EPRA Earnings 1)
Recurring earnings from core operational activities. In practice this is reflected by the direct result.

EPRA NAV 1)
Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA NNNAV 1)
EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA Net Initial Yield (NIY) 1)
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. Annualised rental income includes any CPI indexation and estimated turnover rents or other recurring operational income but does not include any provisions for doubtful debtors and letting and marketing fees.

EPRA 'topped-up' NIY 1)
This yield is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA Vacancy Rate 1)
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

Estimated Market Rental Value (ERV)/ Market rent
The rental value estimated by external valuers for which a particular property may be leased at a given time by well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

FSC-certified timber
FSC-certified timber is harvested from forests that are responsibly managed. Responsibly means that ecological, economic and social issues of the present and the future are taken into account. FSC stands for Forest Steward Ship Council.

Fuels-Abs *(Total fuel consumption)*
Fuels-Abs refers to the total amount of fuel used from direct (renewable and non-renewable) sources ('direct' meaning that the fuel is combusted onsite) over a full reporting year.

Fuels-LfL *(Like-for-like total fuel consumption)*
Fuels-LfL refers to the fuel consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Dir-Abs *(Total direct greenhouse gas (GHG) emissions)*
GHG-Dir-Abs refers to the total amount of direct greenhouse gas emissions ('direct' meaning that GHG emissions are generated onsite through combustion of the energy source / fuel) over a full reporting year

GHG-Dir-LfL *(Like-for-like total direct greenhouse gas (GHG) emissions)*
GHG-Dir-LfL refers to the direct emissions of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years, this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting.

GHG-Indir-Abs *(Total indirect greenhouse gas (GHG) emissions)*
GHG-Indir-Abs refers to the total amount of indirect greenhouse gas emissions ('indirect' meaning that GHG emissions are generated offsite during combustion of the energy source) over a full reporting year.

GHG-Indir-LfL *(Like-for-like total indirect greenhouse gas (GHG) emissions)*
GHG-Indir-LfL refers to the indirect emissions of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting).

GHG-Int *(Greenhouse gas (GHG) intensity from building energy consumption)*
GHG-Int refers to the total amount of direct and indirect GHG emissions generated from energy consumption in a building over a full reporting year, normalised by an appropriate denominator.

1) In the event of differences in the EPRA definitions as published by EPRA the English language version will prevail.

Gross rent
Contractually agreed rent for a particular property, taking the effect of straightlining of lease incentives into account.

Gross rental income
The gross rent recognised for a certain period after deduction of the effects of straightlining of lease incentives.

Indirect result
Consists of the value movements and the net result on disposal of property, movements in deferred tax assets and deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interests.

Lease incentives
Any compensation, temporary lease discount or expense for a tenant upon the conclusion or renewal of a lease agreement.

Loan-to-value ratio
The interest-bearing debts divided by the value of the property (including assets held for sale).

Market value
The estimated amount for which a particular property might be traded between well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Net Asset Value (NAV)
Represents the equity attributable to Vastned Retail shareholders as shown in the consolidated financial statements of Vastned Retail prepared in accordance with IFRS.

Net initial yield (NIY)
Net rental income expressed as a percentage of the acquisition price (including transaction costs) of the respective investment property.

Net rental income
Gross rental income less ground rents paid, less net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, property management expenses, insurance, letting costs and local taxes.

Occupancy rate
100% less the vacancy rate.

OECD guidelines
The OECD Guidelines are recommendations addressed by 46 governments to multinational enterprises operating in or from adhering countries. They provide voluntary principles and standards for responsible business conduct, in a variety of areas including employment and industrial relations, human rights, environment, information disclosure, competition, taxation, and science and technology.

RTSR
The total shareholder return (share price movements plus dividends) of the Vastned share over a period of three financial years compared to the total shareholder return of the peer group of direct competitors.

Straightlining
Phasing the costs of lease discounts, rent-free periods and lease incentives over the duration of the lease contract.

Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straightlining of lease incentives and such, plus the annual market rent of any vacant properties.

Theoretical rental income
The gross rent attributable to a particular period excluding the effects of straightlining of lease incentives and such, plus the market rent of any vacant properties applicable to the same period.

Transparency Benchmark
Annual survey conducted by the Dutch Ministry of Economic Affairs concerning the content and quality of CSR reporting of the larger Dutch companies.

United Nations Global Compact
A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

Vacancy rate
The annual market rent of unleased properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

Waste-Abs *(Total weight of waste by disposal route)*
Waste-Abs refers to the total amount of waste produced and disposed of via various disposal routes, over a full reporting year.

Waste-LfL *(Like-for-like total weight of waste by disposal route)*
Waste-LfL refers to the waste arising from a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years (this like-for-like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth)

Water-Abs *(Total water consumption)*
Water-Abs refers to the total amount of water consumed within a portfolio, over a full reporting year.

Water-Int *(Building water intensity)*
Water-Int refers to the total amount of water consumption within a building over a full reporting year, normalised by an appropriate denominator.

Water-LfL *(Like-for-like total water consumption)*
Water-LfL refers to the water consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years. This like-for like definition is aligned with the EPRA Financial BPR like-for-like definition for rental growth reporting.

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