2020

vastned

Contents [1)]

1) The information in the annual report covers the period from 1 January 2020 up to and including 31 December 2020. The preceding annual report on 2019 was published in March 2020.
2) Forms part of the Report of the Executive Board as meant in Section 2:391 of the Dutch Civil Code.
3) Forms part of the Report of the Supervisory Board.

Preface

Dear shareholders, tenants, colleagues and other relations,

The outbreak and spreading of COVID-19 and the measures taken by the government in 2020 to limit its spreading have had a major impact on everyone. During these turbulent times, the health of our employees, tenants and their staff and customers are and have been our foremost priority. I am proud of the Vastned team, which has worked very hard in these challenging circumstances to cope with the situation and find appropriate solutions together with the tenants. The goal has always been and still is to do this together with our tenants, which in the long run will yield positive results for all parties.

On the management side, the Supervisory Board announced in September 2020 that it had come to the conclusion, together with Taco de Groot, that Taco would step down as CEO on 1 December 2020. Under Taco's leadership, Vastned has been transformed into a retail property fund focusing on the best properties in the historic city centres of some of the most cherished European cities. Operating in a challenging retail market, Vastned has shown solid performance, also during the COVID-19 crisis, with a high occupancy rate and a minor decline in value of the property portfolio. Taco played a crucial role in this and we are very grateful to him for that. Also on behalf of the Vastned team, I would like to thank Taco for our pleasant and constructive cooperation over the years.

Portfolio

The quality of our high-quality property portfolio has clearly proven itself during the COVID-19 crisis. The occupancy rate remained high at 96.5% at year-end 2020 due to the completed transition of the portfolio to high street retail property in larger European cities. The property portfolio in France is almost fully let with an occupancy rate of 98.5% and in Spain the portfolio is 100% let. The property portfolios in the Netherlands and Belgium are 95.2% and 96.2% let respectively. In the Netherlands and Belgium we succeeded in selling off non-strategic assets in smaller cities totalling € 11 million in book value, at prices around book value. Under the very challenging economic conditions resulting from the global pandemic, there was a relatively limited 5.2% decrease in the value of property during the year 2020.

The COVID-19 pandemic and the government measures taken had negative implications for most of our tenants and therefore also for Vastned's results in 2020. During the first and second lockdowns in the countries in which Vastned operates, the team made tailored arrangements with the tenants. Due to a proactive approach and intensive contacts with our tenants we have been able to come to arrangements for virtually the entire portfolio that are in line with the arrangements in the industry. This will negatively impact the result in the short term because with these arrangements Vastned came to the aid of tenants who were struggling in the face of the crisis. In 2020, Vastned waived € 4.2 million in rent payments. Consequently, the direct result for the year 2020 was lower than in 2019. The arrangements give Vastned, especially in these uncertain times, more grip on the continuity of the rental income and on maintaining the high occupancy rate. The 90% collection rate for the year 2020 was relatively high thanks to these tailored agreements with tenants.

Retail environment

Vastned has been indicating for some time that the retail landscape is changing. Driven by changing consumer behaviour and technological developments, e-commerce is growing in comparison to physical retail. The outbreak and spreading of COVID-19 and subsequent government measures have accelerated this development. This trend is expected to continue, forcing retailers to reconsider their business model and shop portfolio. Vastned therefore also notes that, precisely in this challenging market, retailers are becoming even more selective in their choice of shop locations. Vastned sees a decrease in demand for retail space, particularly at B locations, but this development is also visible at the A locations. Rent levels are expected to come under pressure. Due to government support in the countries in which Vastned operates, tenant bankruptcies remained relatively limited in number in 2020, but more tenants are expected to go bankrupt in 2021. The fashion segment was already struggling before the outbreak of COVID-19 and the effects of the crisis are expected to be felt in this segment in particular. We also foresee a slow recovery of tourism in European cities. Despite the above developments, Vastned expects that historic city centres will remain popular and that visitor numbers will recover over time once the pandemic is behind us. In 2020, it has also become clear that people are eager to return to the city centres as soon as the government measures are eased. The COVID-19 pandemic has ensured that there will be a greater focus on space and sustainability in cities, but the urbanisation trend will continue in Europe and the rest of the world in the long term because that is where the economic activity takes place. The city centres remain attractive for shopping, living, working and leisure.

Vastned is responding by updating its strategy, in which the objective remains: generating stable and predictable results in the long term. Vastned aims to achieve this objective by optimising and concentrating the property portfolio and increasing the cost efficiency of the organisation. In this way, Vastned wants to create long-term value in a sustainable way for all its stakeholders, including you.

Sustainability

Data analysis is increasingly supporting the sustainability of the property portfolio. One example is the collection of data relating to tenants' energy consumption, on the basis of which Vastned has identified targeted energy-saving renovations for the largest energy consumers in the property portfolio. In this way, we will increase the number of green properties that we have defined in our Green Finance Framework. This will eventually help to support the valuation of the property portfolio and the possibilities to issue green financing instruments.

Outlook 2021

Based on the direct result of € 1.85 per share in 2020, we plan to pay out € 1.73 per share in dividend for 2020. As no interim dividend was paid in 2020, this amount will be paid in full as cash dividend in May 2021.

In 2021, the company will continue to focus on maintaining the high occupancy rate of the property portfolio and on executing the strategy update. At present, the countries in which Vastned operates are in (partial) lockdown because of COVID-19. In view of the uncertainty about how long the present situation will persist and what the impact of the government measures will be, it is not possible at this time to assess the impact on Vastned's result for 2021. For this reason, Vastned does not at this time issue any forecast for the direct result for the year 2021.

The Supervisory Board has resolved to nominate me for the position of Managing Director at the next Annual General Meeting of shareholders. I am honoured to take on this position, together with a strong team of colleagues. In my time as Vastned CFO I have experienced first-hand that the Vastned organisation is solid and resilient, and fully focused on its task.
The company is facing a new phase with the roll-out of the strategy update. I look forward to leading the company in these challenging times, where realising stable and predictable long-term results remains the goal.

Amsterdam, 10 February 2021

Reinier Walta
interim CEO Vastned

Vastned at a glance

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Profile

Vastned Retail N.V. is a listed European property company focusing on the best property in the popular shopping areas of selected European cities with a historic city centre, where shopping, living, working and leisure meet. 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 24 shows clearly how Vastned creates value. At year-end 2020, the total value of the portfolio was € 1.5 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; 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 and stable returns, especially in the Netherlands and Belgium. Vastned has been indicating for some time that the retail landscape is changing, and the outbreak and spreading of COVID-19 have accelerated this development.

Vastned has responded by updating its strategy, in which its mission remains: generating stable and predictable results in the long term. Vastned aims to achieve this objective by optimising and concentrating the property portfolio and increasing the cost efficiency of the organisation. In this way, Vastned wants to create long-term value in a sustainable way for all its stakeholders. More on the strategy update on page 21.

Vastned's team numbers 40 employees (37 FTEs) divided 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 maximum loan-to-value ratio of 40%.

Key events 2020

Direct result

In February 2020, Vastned anticipated a direct result of € 2.05 - € 2.15 per share for 2020. During the publication of the Q1 trading update on 6 May 2020, Vastned withdrew its expectations for the direct result due to the high degree of uncertainty regarding the impact on the financial results of the outbreak and spreading of COVID-19 and the subsequent government measures. At the publication of the 2020 half-year results on 29 July 2020, Vastned issued a new forecast for the direct result for 2020 of € 1.70 - € 1.85 per share, which was confirmed during the 9M trading update on 27 October 2020.

Annual General Meeting

Vastned's postponed Annual General Meeting for the year 2019 was held on 25 June 2020. In connection with the situation regarding the outbreak and spreading of the COVID-19 virus, this meeting was broadcast via a live audio stream on the Vastned website. Some the proposals put to the Annual General Meeting were not adopted, including the proposal to amend the remuneration policy for the Executive Board and the proposal to adopt a separate remuneration policy for the Supervisory Board. The changes mainly comprised technical adjustments to bring the policy into line with the recently introduced statutory regulations to implement the revised European Shareholders' Rights Directive ((EU) 2017/828 directive), in which proposal the total remuneration per member remained unchanged. As these proposals were not adopted, the current remuneration policy remained in effect. At the next AGM a proposal to amend and adopt the remuneration policy will again be put to the shareholders.

Departure of CEO Taco de Groot

In early September 2020, the Supervisory Board announced that it had reached the conclusion, together with CEO Taco de Groot, that Mr De Groot would step down as CEO as of 1 December 2020.

Over the past nine years, Vastned has realised its transition to a high street property fund under the leadership of CEO Taco de Groot. Thanks to Mr De Groot, Vastned has been transformed into a retail property fund focusing on the best properties in the historic city centres of some of the most cherished European cities. This transformation concerned both the portfolio and the organisation, including the company's financial reporting and processes. With a strategy focusing on improving the quality of the property portfolio, Vastned has succeeded in generating both stable and predictable long-term results. The COVID-19 outbreak has accelerated the developments in the retail landscape that Vastned has been focusing on since 2011, for which reason Vastned brought forward its strategy update. With these developments, the company has entered a new phase. Based on the above developments, Mr De Groot took the initiative to inform the Supervisory Board that he was considering his position in the interests of the continuity of the company and all its stakeholders.

Investments and divestments

In order to further lower the risk profile of the portfolio, during 2020 Vastned sold the following non-strategic assets for € 11.1 million in total (book value).

In the Netherlands Vastned sold the properties Veestraat 1 and 39 in Helmond for € 1.4 million in total, € 0.2 million above book value. The company also sold the property at Kalverstraat 8-16 in Veghel voor € 645 thousand, € 35 thousand below book value. Vastned also sold the properties at Julianastraat 13, 15, 17 and 19 in Dedemsvaart for a total amount of € 630 thousand, € 250 thousand below book value.

In Belgium, Vastned sold two properties in Schaarbeek and Balen. These sales were made at € 9.8 million in total, or € 1.5 million above book value.

No acquisitions were made in 2020.

Occupancy rate

As at 31 December 2020, the occupancy rate was 96.5%, a limited decrease compared to 31 December 2019 (98.0%), caused by a slight decrease in occupancy rates in the Netherlands, Belgium and France.

Dividend

Given the uncertainty resulting from COVID-19, it was decided at the Annual General Meeting on 25 June 2020 to reduce the final dividend for 2019 to further support the company's liquidity position. The total dividend for 2019 was € 1.43 per share. In the same context Vastned also decided to cancel the 2020 interim dividend. The dividend proposal for 2020 was announced upon publication of the 2020 annual results on 11 February 2021 and amounts to € 1.73 per share.

Financing

In 2020, private placements from Pricoa Capital Group of € 62.5 million in total expired (of which € 25.0 million in January 2020 and € 37.5 million in October 2020), which were redeemed with funds from the unused credit facility.

At the end of 2020, the financing position was strengthened by entering into a new Green Revolving Credit Facility (RCF) for an amount of € 40 million, of which € 20 million with ABN AMRO and € 20 million with Rabobank. In addition, Vastned reduced an earlier 'uncommitted multi-purpose facility' with ABN AMRO from € 30 million to € 20 million.

Announcement of strategy update

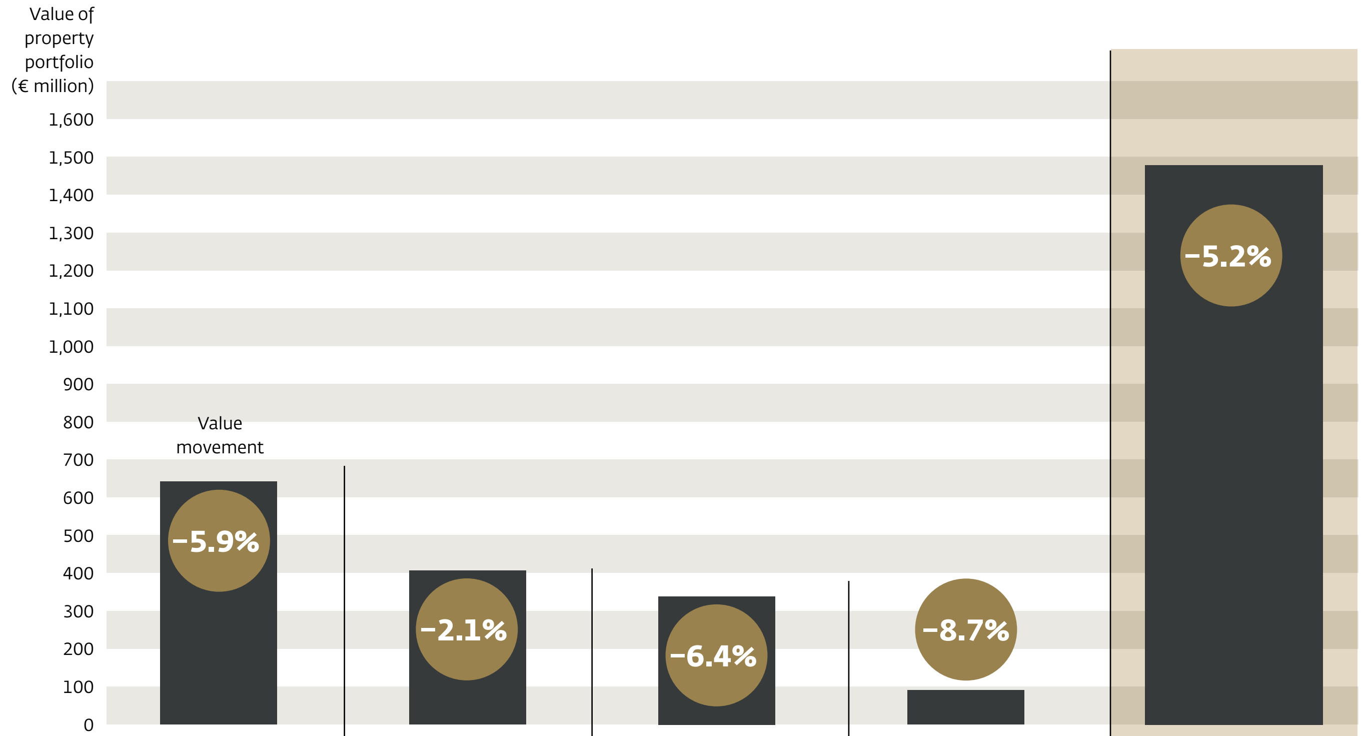
In May 2020, Vastned announced a strategy update. Normally, the company strategy was to be updated in the middle of 2021. Vastned has been indicating for some time that the retail landscape is changing, and the outbreak and spreading of COVID-19 have accelerated this development. The Executive Board and the Supervisory Board of Vastned deemed it to be in the interests of the company not to put off the strategy update, but instead to bring it forward and announce it in February 2021.

Key figures 2016–2020

Results (€ million)	2020	2019	2018	2017	2016
Gross rental income	64.9	69.3	77.1	77.5	89.5
Direct result	31.7	35.0	40.4	41.1	46.1
Indirect result	(73.1)	(12.6)	0.7	53.5	(19.7)
Result	**(41.3)**	**22.4**	**41.1**	**94.6**	**26.4**
Balance sheet (€ million)					
Property (appraisal value)	1,479.3	1,571.4	1,579.6	1,591.6	1,614.8
Equity	818.3	882.9	923.0	933.4	891.5
Equity Vastned Retail shareholders	737.2	793.7	830.4	838.7	804.4
Long-term liabilities	654.0	612.1	505.4	633.9	636.9
Average number of shares in issue	**17,151,976**	**17,270,106**	**18,151,962**	**18,505,783**	**19,036,646**
Number of shares in issue (end of period)	**17,151,976**	**17,151,976**	**17,894,592**	**18,186,800**	**19,036,646**
Per share (€)					
Equity Vastned Retail shareholders at beginning of period (including dividend)	46.28	46.40	46.05	42.26	42.90
Final dividend previous financial year	(0.85)	(1.34)	(1.41)	(1.32)	(1.31)
Equity Vastned Retail shareholders at beginning of period (excluding dividend)	**45.43**	**45.06**	**44.64**	**40.94**	**41.59**
Direct result	1.85	2.03	2.22	2.22	2.42
Indirect result	(4.26)	(0.73)	0.04	2.89	(1.03)
Result	**(2.41)**	**1.30**	**2.26**	**5.11**	**1.39**
Other movements	(0.04)	0.50	0.21	0.71	0.01
Interim dividend	0.00	(0.58)	(0.71)	(0.64)	(0.73)
Equity Vastned Retail shareholders at end of period (including final dividend)	**42.98**	**46.28**	**46.40**	**46.12**	**42.26**
EPRA NNNAV	42.36	46.20	46.49	45.66	41.68
EPRA NTA	43.78 1)	47.25 1)			
Share price (end of period)	**23.15**	**26.70**	**31.30**	**41.30**	**36.86**
Dividend in cash	1.73 2)	2.05	2.05	2.05	2.05
Shareholder return (%)	(10.3)	(8.6)	(19.7)	17.1	(8.1)
Other					
Solvency (%)	55.2	56.6	59.0	59.2	56.1
Loan-to-value ratio (%)	43.0	41.6	39.0	38.8	41.8
Capex (€ million)	2.3	2.4	3.9	3.8	5.6
Number of employees (FTEs, average)	38	39	41	45	49

1) Due to an EPRA update Vastned will report EPRA NTA as of the 2020 financial year, whereby EPRA NNNAV is also presented in this transitional year.
2) Subject to approval from the Annual General Meeting.

Key figures portfolio



	NL	FR	BE	ES	Total
Number of commercial tenants 1)	260	72	112	9	453
Number of office tenants	17	10	0	0	27
Number of residential tenants	176	32	13	0	221
Like-for-like gross rental growth (%)	-6.4	4.2	-11.7	-2.2	-5.5
Occupancy rate (%)	95.2	98.5	96.2	100.0	96.5

1) Excluding apartments and parking spaces.

Portfolio key figures continued

	Total
Number of properties	282
Properties with an Energy Performance Certificate (%)	72
Value of property portfolio (€ million)	1,479
Average value per property (€ million)	5.2
Commercial lettable area (m² thousand)	212
Number of commercial tenants [1]	453
Theoretical annual rent (€ million)	73.2
Market rent (€ million)	71.9
(Over)/underrent (%)	(1.9)

Average market rent per sqm (€)

Netherlands	313
France	821
Belgium	217
Spain	1,020
Total	**339**

Average rent per sqm (€)

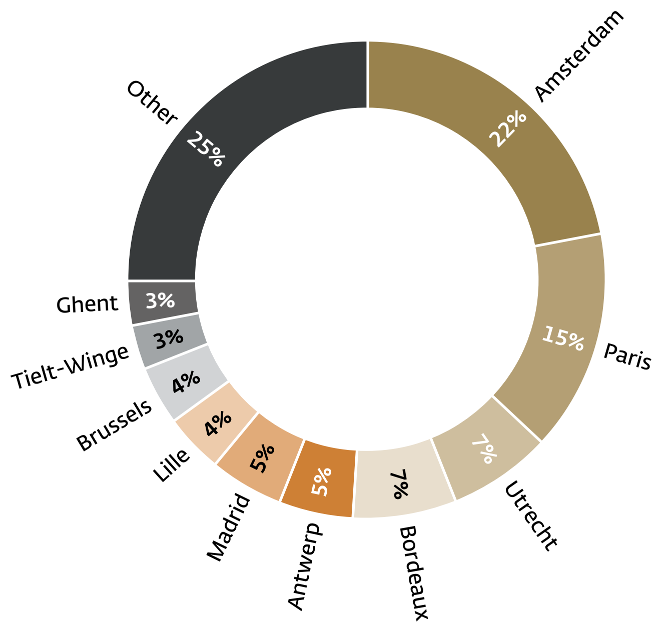
Netherlands	321
France	774
Belgium	233
Spain	1,063
Total	**345**

1) Excluding apartments and parking spaces.

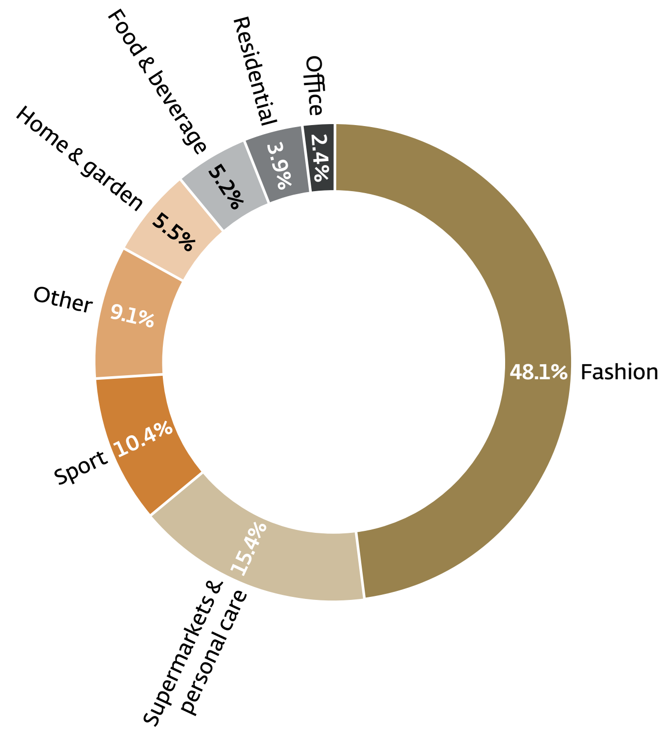
Breakdown of the portfolio

Breakdown of the portfolio in terms of market value and rental streams:

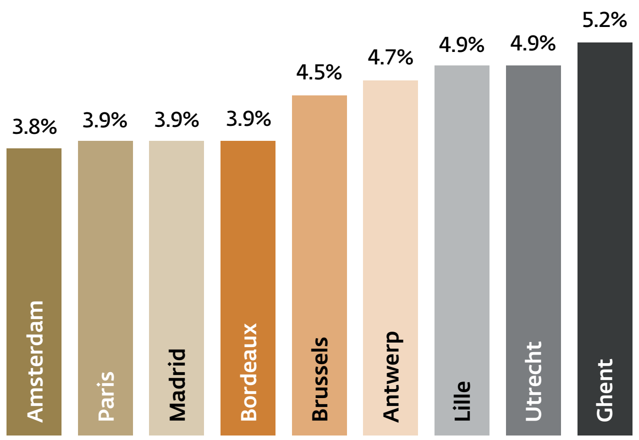
Breakdown of the portfolio as a % of total market value



Breakdown of the portfolio as a % of total rental stream



Gross initial yield (%) [1]



1) The Gross Initial Yield is the annualised contractual rental income divided by the market value of the property.

Acquisitions and divestments

(€ million)	2020	2019	2018	2017	2016	2015	2014	2013	2012	Total
Acquisitions	0	14	49	38	76	164	103	104	111	659
Divestments	11	12	71	123	95	87	261	271	146	1,077
Total	**11**	**26**	**120**	**161**	**171**	**251**	**364**	**375**	**257**	**1,736**

Long-term value creation

2

How Vastned creates long-term value

Value creation model

Our business model

Stakeholders

Materiality matrix

How Vastned creates long-term value

Vastned's strategy is essential for creating long-term value. Before addressing the strategy update published in February 2021, the following is a description of the strategy followed in 2020.

Strategy 2020

Since 2011, Vastned's strategy has focused on investing in and letting retail properties in the popular high streets of bigger European cities with a historic city centre. The objective has always been to create long-term value for Vastned's shareholders and to contribute with stable and predictable results to preserving cultural heritage and to the liveability and safety of these historic city centres.

Vastned's strategy is founded on three pillars: portfolio, organisation and financing. In 2017, Vastned further refined its high street strategy after taking significant steps, opting for a clear focus on the city centres of Amsterdam, Antwerp, Paris and Madrid. In 2018, Vastned added a focus area: expansion of food & beverage 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.

In addition to investing in retail properties themselves, realising homes and offices on the upper floors contributes to the preservation of cultural heritage, the liveability and safety in the historic city centres.

Also in the area of the other two pillars of the strategy – organisation and financing – major progress has been made 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 staff complement could be streamlined and reduced. In addition, Vastned's loan portfolio was further optimised by adjusting the maturity of the loans and lowering the average interest rate.

Retail landscape in transition

Vastned has been observing for some time that the retail landscape is changing, and the outbreak and spreading of COVID-19 has accelerated this development. Vastned's strategy update, presented in February 2021, responds to this.

The trends and market developments for Vastned, which the strategy update addresses, are discussed below in more detail.

A number of trends are relevant in the market in which Vastned operates:

1. Expected continued growth of e-commerce
2. Changing consumer spending patterns and decreasing demand for fashion retail
3. Tourism will slowly recover from the COVID-19 pandemic
4. Urbanisation trend continues in the long term

1. Expected continued growth of e-commerce

E-commerce is growing in relation to physical retail, driven by changing consumer behaviour and technological developments. The outbreak and spreading of COVID-19 has accelerated these developments and further boosted online shopping. The share of online shopping has risen sharply in the countries in which Vastned operates, with online shopping as a percentage of total retail sales being the highest in the Netherlands, followed by Belgium, France and Spain. This trend is expected to continue, forcing retailers to reconsider their business model and shop portfolio. 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 due to the new operational challenges, different cost structures and strong competition in e-commerce. High costs of IT, logistics and digital marketing often result in lower margins, while the retailer's total sales do not necessarily increase. Vastned believes this shows that online business models are not enough, and that the quality and service of the physical shops will remain vital to retailers' success. Vastned therefore also notes that, precisely in this challenging market, retailers are becoming even more selective in their choice of shop locations. Vastned sees a decrease in demand for retail space, particularly at B locations, but this development is also visible at the A locations. Due to government support in the countries in which Vastned operates, tenant bankruptcies remained relatively limited in number in 2020, but ever more tenants are expected to go bankrupt in 2021. Rent levels are expected to come under pressure.

2. Changing consumer spending patterns and decreasing demand for fashion retail

A trend has been evident for several years that a larger proportion of total household expenditure is spent on fixed costs such as rent, gas and electricity. In addition, in recent years – with the exception of 2020 due to the COVID-19 crisis – consumers have been spending more on travel, restaurants and leisure, while spending on fashion has decreased. The fashion segment is therefore impacted by the abovementioned shift to online shopping and a downward trend in spending. Almost half of Vastned's current rental income comes from tenants in the fashion segment. The impact of the COVID-19 crisis is expected to be particularly evident in this segment.

3. Tourism will gradually recover from the COVID-19 pandemic

Tourism has traditionally been an important factor in the historic centres of European cities and provides an important part of retailers' incomes in these places. In 2020, tourism declined sharply due to the pandemic and the subsequent restrictions. As a result, the vulnerability of the high street retail portfolio became apparent. While it is questionable whether tourism will fully recover from the COVID-19 pandemic, a gradual recovery of tourism in European cities is anticipated.

4. Urbanisation trend continues in the long term

Globally, cities are the great drivers of the economy and of innovation, and the trend towards urbanisation will continue in the long term in Europe and the rest of the world. However, the COVID-19 pandemic has ensured that more attention will be devoted to space and sustainability in cities. For example, mayor Anne Hidalgo of Paris has given the green light to transforming the Champs-Élysées into an 'extraordinary garden' where people can meet, exercise, cycle, shop and live. In 2020, it has also become clear that people are eager to return to the city centres as soon as the government measures are eased. Historic city centres will therefore remain popular. The company expects demand for both commercial and residential property in historic city centres to remain strong, while supply is limited.

Strategy update

The outbreak of COVID-19 accelerated changes and developments in the retail landscape described above that were already under way. Vastned therefore decided in May 2020 to bring forward its strategy update. The trends and market developments described above served as the basis for the strategy update announced in February 2021.

The company's mission remains 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.

Vastned will therefore further optimise its property portfolio and concentrate on a mixed-use user profile in the historic city centres, where shopping, living, working and leisure go hand in hand. The organisation will adapt to this cost-effectively. In this way, Vastned wants to create long-term value in a sustainable way for all its stakeholders. On the next page, an overview of the strategy update is presented.

Portfolio	Organisation	Financing
Optimise and concentrate the property portfolio • Create an inner-city portfolio of mixed-use properties in historic city centres where shopping, living, working and leisure meet • Diversification of tenant types: lower share of fashion, more emphasis on retail with exposure to the local economy • Create a combination of housing or offices above shops in historic city centres • Expansion of city centre property clusters • Active portfolio management with divestments at the right value	Cost-efficient organisation with fewer FTEs	Loan-to-value ratio 40% maximum
Investing in real estate that is geared towards the local economy, with a focus on redevelopment potential	Digitisation of processes and data-driven working to increase efficiency	Growth of green loans, using the Green Finance Framework 1)
Data analysis will increasingly be used to support the sustainability of the property portfolio	A compact team of specialists with a hands-on and result-oriented mentality	Share of non-bank loans at least 25%
	Local teams with expert knowledge and experience and extensive networks	Ratio fixed vs. floating interest at least 2/3 - 1/3
	Hybrid combination of home and on-site working, moving to more cost-efficient headquarters	
	Open and inclusive culture	

1) www.vastned.com/en/investor-relations/green-finance-framework

Vastned's strategy continues to rest on three pillars: an optimised and concentrated portfolio, efficient organisation and conservative financing.

Optimised and concentrated portfolio

In response to the developments in the retail market, Vastned will optimise and concentrate the current portfolio to make it less dependent on fashion and tourism. In doing so, Vastned will be working towards a property portfolio in the historic city centres where shopping, living, working and leisure meet, with emphasis on the local economy. Where possible, Vastned will redevelop and convert the upper floors of the properties it invests in to apartments and offices. The retail rental income for upper floors is usually lower than for ground floors and the cash flow from such a property can be significantly improved and diversified by creating apartments or offices on the upper floors. In line with this philosophy, Vastned aims to further concentrate the portfolio. This means on the one hand an evaluation of the existing portfolio, which could lead to divestment of properties or parts of the portfolio, provided they can be made at the right value. The evaluation of the property portfolio is carried out on the basis of a number of criteria, such as:

- Expected net rental income in 2021 and beyond
- Location of the property
- Operational control structure over the property
- To what extent the property is suitable for different types of tenants

On the other hand, this also means investing in new properties that fit the mixed user profile. A key issue here is the potential for synergy between retail properties where different types of tenants can be served. New growth potential can be created by investing in clusters of properties in locations that are not only dependent on tourism, but where retail also serves the local population. One example is Vastned's cluster of properties in Ferdinand Bolstraat in Amsterdam. Vastned expanded its cluster in 2019 and now owns 13 properties in this street. The retail business here serves mainly the local population, and 57 residential units are located on the upper floors of the cluster.

To add value with acquisitions, each acquisition is assessed for redevelopment potential in order to create additional or improved cash flows. The redevelopment potential of the properties in Vastned's existing portfolio will also be analysed and realised where possible. Vastned is investigating the possibilities of developing over 140 homes above its retail property on Orionstraat in Eindhoven, which currently houses an Albert Heijn supermarket and an Action outlet.

The abovementioned optimisation and concentration of the property portfolio will lead to further diversification and a substantial reduction of the proportion of fashion in the property portfolio. Vastned will no longer invest in retail properties that are only suitable for fashion. The aim is to reduce the rental income from fashion in the portfolio to 30% in the medium term (48% as at year-end 2020). At the same time, exposure to supermarkets & personal care, home & garden, residential, food & beverage and office space will increase.

Data analysis will increasingly be used to support the sustainability of the property portfolio. One example is collecting data on tenants' energy consumption, on the basis of which Vastned has identified targeted energy-saving renovations for the largest energy consumers in the property portfolio. In this way Vastned increases the number of eligible assets that have been defined within the Green Finance Framework. This will ultimately support the valuation of the real estate portfolio and increase the possibilities for issuing green financing instruments.

Efficient organisation

Vastned's organisation will be adapted to match the new focus of the portfolio. The Vastned team will continue to manage the portfolio hands-on, proactively and pragmatically, and aim for cost efficiency. If specific knowledge or capacity is not available within the organisation, it will be hired externally if necessary. Vastned's work is increasingly data-driven. Data analysis of visitor numbers and consumer spending at micro-location level provides important input for optimising and concentrating the property portfolio. Where possible, processes will also be digitised, leading to a reduction in the number of FTEs. At year-end 2020, Vastned employed 37 FTEs. The goal is to reduce this number by 20% to approximately 30 FTEs by the end of 2021.

The statutory Executive Board will consist of one member (Managing Director). As of 1 March 2021, the Executive Board is assisted by the Executive Committee, which takes over the role of the Management Team. The Finance Director takes over part of the work of the CFO as of 1 March 2021. In addition to the members of the former Management Team, the Finance Director will have a seat on the Executive Committee. The Country Manager France becomes Head of Asset Management as of 1 March 2021 and as such also joins the Executive Committee.

Anticipating the expected continuing trend of combining working from home and at the office in the years to come, and with the experience of the lockdown in 2020, Vastned has decided to move its head office from Zuidas in Amsterdam to suitable office space in Hoofddorp at a lower cost. As a result of the above efficiency measures, Vastned expects to realise a 10% saving in normalised general expenses in 2021 compared to 2020.[1] At year-end 2020, Vastned had already realised savings on general expenses, so that the normalised general expenses fell by 6% in 2020 compared to 2019.

1) The saving in general expenses in 2021 compared to 2020 excludes non-recurring items reported in 2020.

Conservative financing

Vastned pursues a conservative financing structure that allows for the implementation of its strategy. The long-term target for the loan-to-value ratio has been lowered from 35%-45% to a maximum of 40%. In addition, the financing sources have been broadened, e.g. by placing long-term bond loans with institutional investors (such as 'private placements'). With these private placements, the duration of the long-term loan portfolio was extended and a better spreading of its financing over lenders was achieved.

In order to anchor sustainability in Vastned's financing, the company has developed a Green Finance Framework.[2] The aim of the framework is to (re)finance energy-efficient commercial and residential property that contributes to the preservation of historic city centres. Under this framework Vastned can issue a range of green financing instruments.

Vastned's key financing objectives after the strategy update are as follows:

- Loan-to-value ratio 40% (previously 35%-45%)
- Growth of green loans, using the Green Finance Framework
- Share of non-bank loans at least 25%
- Ratio fixed vs. floating interest at least 2/3 - 1/3

2) www.vastned.com/en/investor-relations/green-finance-framework

Dividend policy

The dividend policy stipulates that Vastned will distribute at least 75% of the direct result per share as dividend. Stable and predictable results ensure long-term value creation, and in this way, the dividend policy contributes to the long-term value creation by the company.

Value creation model

Vastned focuses on the best properties in the popular shopping areas of selected European cities with a historic city centre, where shopping, living, working and leisure meet. Through this, 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

STAKEHOLDER RELATIONS
Shareholders, employees, financiers and tenants

Business model

QUALITY + PRO-ACTIVENESS + ENTREPRENEURSHIP

SUSTAINABILITY + TEAM SPIRIT

MISSION

Generating stable and predictable long-term results. As part of our ambition, Vastned contributes to the liveability and preservation of the cultural heritage in historic city centres.

STRATEGY

Investing in and letting property in the popular major European cities with historic city centres.

PORTFOLIO | ORGANISATION | FINANCING

NON-FINANCIAL STRATEGIC PILLARS

- Raising the quality of the portfolio and the organisation
- Limiting environmental impact
- Promoting health and well-being of employees
- Contributing to society

Result areas

FINANCIAL PERFORMANCE
- Gross rental income: € 64.9 million
- Direct result per share: € 1.85
- Dividend per share.: € 1.73

PROPERTY
- Attracting and retaining successful retailers
- Occupancy rate: 96.5%
- Creation/renovation: 17 apartments

SUSTAINABILITY
- Buildings with EPC label: 72%
- EPC label between A+ and C: 35.6%
- Compensation of CO_2 emissions: 100%
- Use of renewable energy: 100%
- Green and ethical clause in new leases: 98.5%

EMPLOYEES
- Diverse teams
- Number of employees that took training in 2020: 15 (38%)

STAKEHOLDER RELATIONS
- Internal and external communication
- Shareholders meeting
- Conferences and roadshows

Added value

FOR SHAREHOLDERS
- Stable and predictable results
- Transparent cooperation

FOR TENANTS
- Attractive locations
- Room for entrepreneurship
- Safe and liveable neighbourhood
- High-quality property

FOR EMPLOYEES
- Happy employees
- Healthy employees

FOR SOCIETY
- Preservation of cultural heritage
- Social safety in city centre environment
- Fewer emissions

Risk Management | Corporate Governance | Compliance

Our stakeholders | Legislation | Market developments

Our business model

Letting and investing in properties 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 properties 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 in financial derivatives.

The key movements in rental income are caused by the occupancy rate and 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			
	Direct result	Rental income	Size and quality of the 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 versus variable interest rates
			Size of loan portfolio
			Average duration of the loan portfolio
	Indirect result	Portfolio value movements	Quality of the portfolio
			Investments
		Result on divestments	Total amount of divestments
			Market demand and financing possibilities

For an extensive breakdown of the direct and indirect result, see pages 100 and 101.

Stakeholders

Vastned is aware that it operates in collaboration with a range of stakeholders with whom it is in constant contact. In 2020, the Executive Board held discussions with shareholders, employees, financiers and tenants about how Vastned can continue to create long-term value. 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 and value chain:

Shareholders

Vastned is a property company that unites investors and enables them to jointly invest in property in the historic city centres of selected European cities. 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. Vastned is currently being followed by six 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 2020, 40 persons were employed by Vastned spread over the Amsterdam, Antwerp, Paris and Madrid offices.

Financiers

The loan capital providers along with the equity providers enable Vastned to invest in properties. 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

The tenants of Vastned's property are in many cases 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 on the floors above the retail units, which is very popular with private tenants who want to live in city centres. At year-end 2020, 426 retail tenants, 27 office tenants and 211 residential tenants leased Vastned properties.

Stakeholder dialogue

Stakeholder group	Shareholders	Employees	Financiers	Tenants
	Frequency: Monthly Responsibility: Investor Relations and Executive Board	Frequency: Daily Responsibility: Human Resources	Frequency: Quarterly Responsibility: Executive Board	Frequency: Daily Responsibility: Portfolio managers
Communications	• Press releases • Trading updates • Webcasts • Annual General Meeting • Surveys • Meetings	• Feedback opportunities • Sharing knowledge and experience • Team building events	• Regular meetings • Seminars • Surveys	• Regular meetings • Seminars • Surveys
Discussion points	• Strategy and results • Risks • Communication optimisation • Sustainability • Efficiency • SDGs	• Personal development • Communication and feedback • Effort and commitment • SDGs	• Financial strategy • Risks • Sustainability • SDGs	• Sustainability and efficiency of buildings • Complaints and advice • Lease conditions • SDGs
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. The results of these scores combined form key guidelines for Vastned's sustainability strategy and general business operations. Of these fourteen topics, the stakeholders and Vastned considered the following five [1)] to be the most important [2)]:

1. Stable and predictable long-term results
Vastned pursues 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.

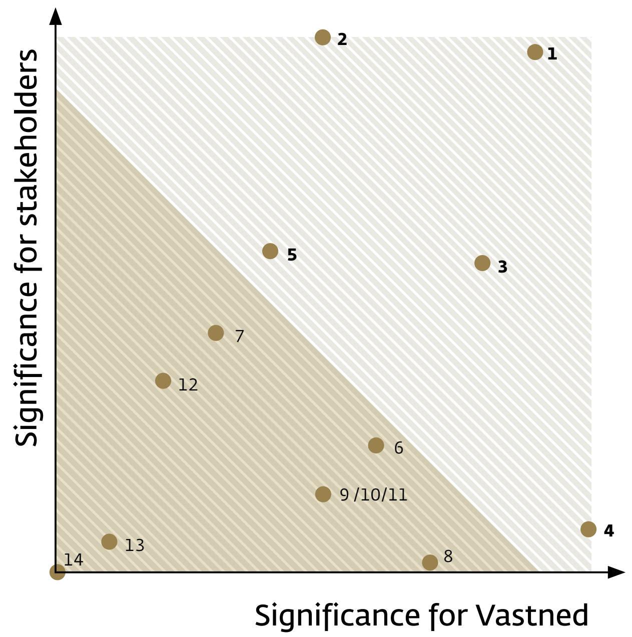
3. Ethical business operations
Vastned attaches great importance to responsible and ethical conduct and complies with laws and regulations and generally accepted social and ethical standards. With training and codes of conduct Vastned provides guidelines to its employees for ethical conduct and business 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 Executive Board is in constant contact with the staff members, 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
With renovations Vastned aims to improve buildings' sustainability by making them as energy and water-efficient as possible and take account of the climate in the urban environment.[3)]

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 32 shows a visualisation of the relationship between the material topics, SDGs and Vastned's overarching objectives.

1) See page 215 for the exact definitions of the five material topics.
2) The way in which these five topics were selected was derived from the guidelines for sustainability reporting of the Global Reporting Initiative (GRI, an internationally recognised standard for sustainability reporting).
3) 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 possibilities for making assets more sustainable for example with solar panels are limited due to regulations for listed monuments.



1 **Stable and predictable long-term results**
2 **Transparent and honest communication**
3 **Ethical and honest business practices**
4 **Open and inclusive culture**
5 **Sustainable and efficient buildings**
6 Digitisation
7 Sustainable business operations
8 Preservation and improvement of cultural heritage
9 Employee health and well-being
10 Sustainable sourcing and reuse of materials
11 Talent management
12 Liveable, safe and inclusive cities
13 Informing and supporting tenants on sustainability
14 Engaging with local communities

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 links its 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 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 29, 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	Pro-activeness	Sustainability	Quality	Entrepreneur-ship	Team spirit
Sustainability pillars	Enhancing the liveability of cities	Minimising the impact of the properties	Raising the satisfaction of investors and tenants		
Operationalisation	Expanding clusters of assets in historic city centres of major European cities	Provide buildings with an energy performance certificate (EPC)	Health and safety of tenants		
	Creating and renovating residential space or offices above shops	Include green and ethical clause in lease agreement for assets	Securing long-term economic performance		
	Preserving 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 health and well-being of employees	

Sustainable Development Goals

In 2015, the United Nations (UN) formulated seventeen key development goals for the period up to 2030. Vastned takes inspiration from the UN Sustainable Development Goals (SDGs) and acknowledges their importance. The company has identified six main goals to which it can contribute and has included these in the core values of the business strategy:

1. Equal rights for men and women;
2. Access to affordable and sustainable energy for all;
3. Employment and decent work for all;
4. Safe, sustainable and resilient cities;
5. Sustainable consumption and production; and
6. Promoting security, public services and justice for all.

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 (and as of 1 March 2021 the Executive Committee) to include/be comprised of at least 30% women and at least 30% men.

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

Explanation: Employees come first for Vastned. Vastned helps to create a pleasant work environment for all its employees. 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 the global energy efficiency improvement by 2030.
SDG: 12.2
By 2030, achieve 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 three years.

	SDG	Objectives	Result year-end 2020	Result year-end 2019	Result year-end 2018
Stable and predictable long-term results	8.5 + 11.4	Direct result • *Target: € 1.70 - € 1.85 per share* [1)]	€ 1.85	€ 2.03	€ 2.22
		Loan-to-value ratio • *Target: 35% - 45%* [2)]	43.0%	41.6%	39.0%
		Ratio of loans with fixed vs floating interest rate • *Target: 2/3 – 1/3*	70.3%	77.9%	87.1%
		Share of non-bank financing • *Target: >25%*	33.9%	42.6%	52.0%
Transparent and honest communication	12.6 + 16.6	Relative score on Transparency Benchmark • *Target: top 5 property*	3	3	1
		Relatieve score op Tax Transparantiebenchmark • *Target: top 5 property*	2	2	1
		Annual report is an Integrated Report and is in line with the Global Reporting Initiative	✔	✔	✘
Ethical business operations	16.6 + 16.5	Number of integrity incidents reported to compliance officer • *Target: 0*	0	0	0
		Ratio of employees confirming compliance with code of conduct • *Target: 100%*	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% men and at least 30% women* [3)]	✔	✔	✔
		Number of discrimination incidents reported to compliance officer • *Target: 0*	0	0	0
Sustainable and efficient buildings	7.3 + 12.2	Raise the number of properties with an EPC • *Target: 75%*	72%	71%	70%
		New leases with a green and ethical clause • *Target: 90%*	98.5%	80%	85%
		Ratio of renovations with attention for energy and water efficiency • *Target: 100%*	93%	100%	100%
		Creation and renovation of apartments	17	14	15
		Minimise and offset CO_2 emissions in Vastned's operations	✔	✔	✔

1) Direct result adjusted at publication of 2020 interim results to € 1.70 - € 1.85 per share in connection with COVID-19. Initial target in February 2020 was € 2.05 - € 2.15 per share.
2) LTV target for 2021 is <40%.
3) This target will also apply to the Executive Committee which will take over the role of the current Management Team as of 1 March 2021. For more information, see page 23.

Report of the Executive Board

Notes to the property portfolio
Notes to the financial results
Dividend policy and proposal
Events after the balance sheet date
Outlook 2021
Sustainability
Corporate Governance
Risk management
Responsibility statement

Review of the property portfolio

Introduction

The value of the property portfolio was € 1,479 million at year-end 2020 (year-end 2019: € 1,571 million).

10 largest tenants at year-end 2020	Theoretical gross rental income (€ million)	Theoretical gross rental income (%)	Number of properties	Area (sqm thousand)
1. H&M	5.6	7.6	8	15.1
2. Inditex	4.7	6.4	8	8.5
3. Fast Retailing	2.7	3.6	2	3.3
4. JD Sports	2.3	3.2	3	2.7
5. LVMH	1.8	2.5	4	1.5
6. AS Watson	1.8	2.5	12	5.2
7. Adidas	1.3	1.8	2	0.8
8. Jumbo	1.3	1.8	4	7.2
9. Skechers	1.3	1.7	1	0.7
10. Nespresso	1.2	1.6	2	0.9
Total	**24.0**	**32.7**	**46**	**45.9**

10 largest portfolios at year-end 2020	Book value (€ million)	Theoretical gross rental income (€ million)	Occupancy rate (%)	Number of tenants	Area (sqm thousand)
1. Amsterdam	327.9	12.8	98.1	50	16.7
2. Paris	225.0	8.7	99.9	20	7.0
3. Utrecht	109.6	5.7	95.1	41	16.3
4. Bordeaux	96.6	4.0	94.2	19	6.4
5. Madrid	80.6	3.1	100.0	7	2.6
6. Antwerp	78.9	3.7	99.7	22	7.0
7. Lille	61.5	3.0	100.0	27	6.2
8. Brussels	58.2	2.9	92.3	10	8.8
9. Tielt-Winge	42.7	2.6	96.5	21	18.1
10. Ghent	37.4	1.9	100.0	5	7.0
Total	**1.118.4**	**48.4**	**97.8**	**222**	**96.1**

Occupancy rate

Vastned considers the high occupancy rate as evidence of the quality and attractiveness of its property portfolio. At year-end 2020, the occupancy rate of the total portfolio was 96.5%.

Occupancy rate (%)	31 December 2020	31 December 2019
Netherlands	95.2	96.6
France	98.5	99.8
Belgium	96.2	98.8
Spain	100.0	100.0
Total	**96.5**	**98.0**

Leasing activity

In 2020, Vastned concluded 71 leases for a total annual amount of € 9.6 million, or 12.9% of the total theoretical annual gross rental income. In 2019, in comparison, 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 the Netherlands Vastned signed relatively many new leases with supermarkets in 2020. For example, Vastned signed a new lease with Lidl in Rotterdam, with Spar and Jumbo in Utrecht, and with VkusVill in Amsterdam.

Vastned also concluded new leases in the Netherlands with Rituals, Holland & Barrett and Score. In France new leases were agreed with Streamroot and Sézane. Streamroot rents the newly developed office at Rue de Rivoli 102 Paris. Louis Vuitton in Bordeaux renewed its lease. In Belgium, new leases were concluded with Dunkin' Donuts, Keukens De Abdij, Takeaway and Clear Channel. In addition, leases were renewed with Armani in Antwerp and Mango in Brussels. The portfolio in Spain was fully let throughout 2020. The 71 leases Vastned resulted in a rent decrease of € 0.4 million (4.3%).

2020	Leasing activity			Rental change	
	Number of leases	€ million	% of theoretical annual rent	€ million	%
Total	**71**	**9.6**	**12.9**	**(0.4)**	**(4.3)**

Like-for-like gross rental income

The like-for-like gross rental growth in 2020 was 5.5% negative, compared to 3% negative in 2019, 0.8% positive in 2018 and 1.3% positive in 2017.

The 2020 result was driven mainly by the rent waivers as a result of COVID-19. Corrected for the COVID-19 rent waivers, the like-for-like growth of the gross rental income was 0.4% positive. This positive like-for-like gross rental growth was mostly due to the letting of Rue de Rivoli 118-120 in Paris to JD Sports.

Like-for-like gross rental growth 2020
(% of gross rental income)

	Netherlands	France	Belgium	Spain	Total
Total portfolio (incl. rent waivers)	**(6.4)**	**4.2**	**(11.7)**	**(2.2)**	**(5.5)**
Total portfolio (excl. rent waivers)	**(2.0)**	**11.1**	**(2.7)**	**(1.3)**	**0.4**

Lease incentives

Lease incentives, such as rent-free periods, lease discounts and other payments or contributions to tenants, averaged 6.1% of the gross rental income in 2020. This was higher compared to 2019, which was partly due to COVID-19. The difference between the actual and the IFRS lease incentives is the straightlining of lease incentives over the contract terms. Waivers of past due rent due to COVID-19 are not included in the calculation of the figures below.

Lease incentives
(as a % of gross rental income)

	2020		2019	
	Actual	IFRS	Actual	IFRS
Total	**6.1**	**4.9**	**3.7**	**3.2**

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 101.9% of the market rent at year-end 2020 (year-end 2019: 100.7%). In actual amounts, the overrent for the total portfolio was € 1.3 million at year-end 2020.

Over- or underrent at year-end 2020	Theoretical gross rent (€ million)	Market rent (€ million)	(Over-) or under-lease (%)
Total	**73.2**	**71.9**	**(1.9)**

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, leases have a five-year duration, 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 rents concluded in leases must be indexed based on the ILC index.

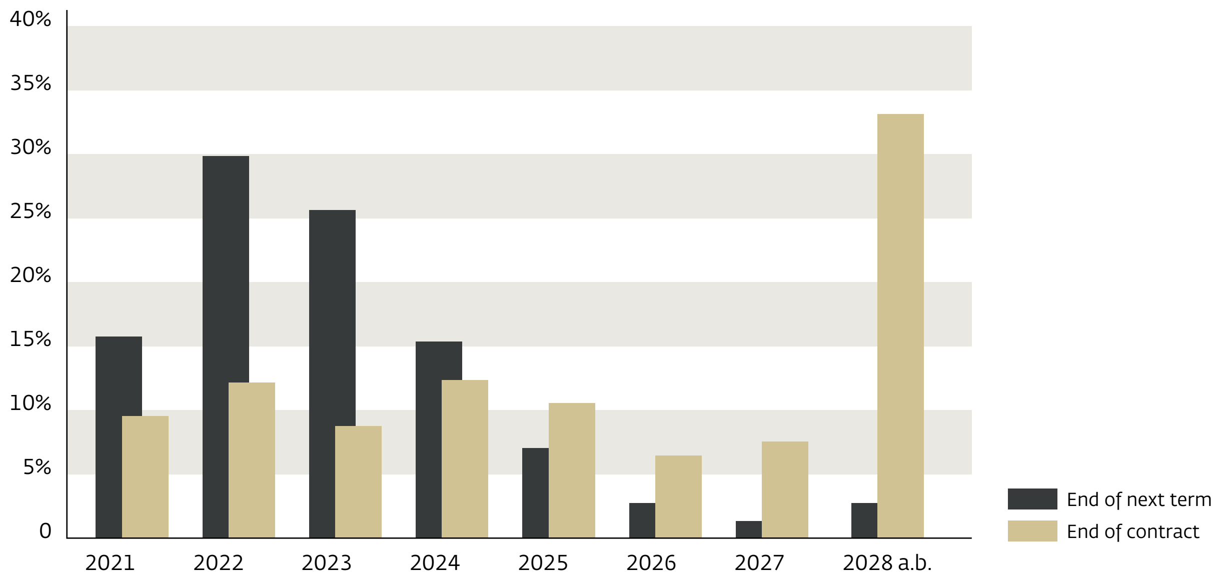
Average duration of leases

With respect to the expiration of leases Vastned makes a distinction between the next termination option for the tenant (end of next term) and the option 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 2020

	End of next term	End of contract
Total	**2.4**	**5.7**

Lease expirations year-end 2020



In total, 16% of the leases, representing € 11.0 million in gross rental income, could be terminated or renewed in 2021.

Appraisal methodology

The larger properties, with an expected value of at least € 2.5 million, make up approximately 89% of Vastned's property portfolio and are appraised every six months by reputed external international appraisers. In Belgium all properties are appraised 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 132 the financial statements.

Portfolio value movements

The value of the property portfolio excluding capital expenditure, acquisitions and divestments decreased by € 80.7 million during 2020, or 5.2%, compared to year-end 2019. Taking into account capital expenditure, revaluations of properties sold during 2020 and movements in accruals and the lease liabilities, the total decrease in value was € 84.4 million.

Value movement 2020

	Portfolio value (€ million)	Value movement (€ million)	Value movement (%)
Total	**1,479**	**(80.7)**	**(5.2)**

Appraisers

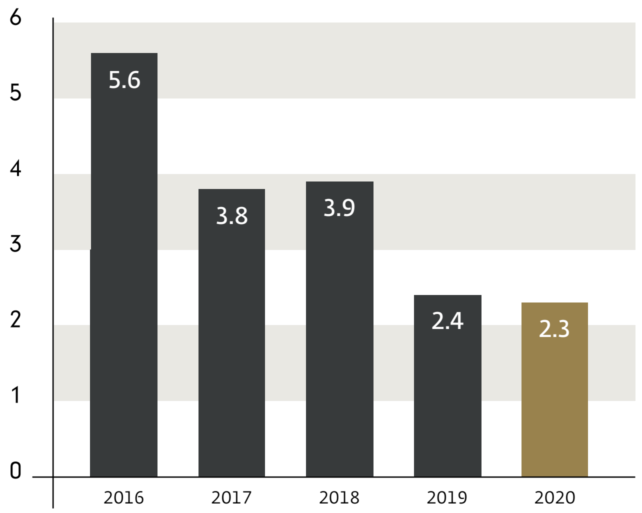
Vastned makes use of the services of the following internationally reputed appraisers:

- CBRE in Amsterdam, Brussels, Madrid and Paris
- Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris

Capital investments

Capital investments play 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 investment (€ million)



Acquisitions

No acquisitions were made in 2020. Following the COVID-19 pandemic and the strategy update, a deliberate decision was made to keep focusing on managing the current portfolio.

Divestments

As part of its strategy to further lower the risk profile of the portfolio, Vastned sold non-strategic assets in the Netherlands and Belgium in 2020. The properties sold had a total book value of € 11.0 million at the time of sale.
In the Netherlands, Vastned sold the following properties in 2020: Veestraat 1 and 39 in Helmond, Julianastraat 13-19 in Dedemsvaart and Kalverstraat 8-14 in Veghel. In Belgium, Vastned divested Molsesteenweg 56 in Balen and Leuvensesteenweg 610-612 in Schaarbeek.

The property at Calle Tetuán 19 / Calle Carmen 3 in Madrid is divested in early 2021.

Notes on the financial results

Financial results (€ million)	2020	2019
Direct result	31.7	35.0
Indirect result	(73.1)	(12.6)
Result attributable to Vastned Retail shareholders	**(41.3)**	**22.4**
Result attributable to non-controlling interests	(3.0)	1.5
Result after taxes	**(44.3)**	**23.9**

Result attributable to Vastned Retail shareholders

The result attributable to Vastned Retail shareholders, which comprises the direct and indirect results, was € 41.3 million negative in 2020 (2019: € 22.4 million positive). The main factor in this lower result was the decrease of the indirect result from € 12.6 million negative for 2019 to € 73.1 million negative for 2020. The direct result decreased from € 35.0 million in 2019 to € 31.7 million in 2020. The decrease was mainly caused by lower net rental income due to COVID-19. The indirect result in 2020 was € 73.1 million negative, against € 12.6 million negative in 2019. This decrease was for the most part caused by a € 84.4 million decrease in value of the property portfolio. The value of the property portfolios in the Netherlands, France, Belgium and Spain decreased by € 41.1 million, € 10.2 million, € 24.3 million and € 8.8 million respectively.

Result per share

The result per share attributable to Vastned shareholders was € 2.41 negative for 2020 (2019: € 1.30 million positive). The result is comprised of the direct result per share of € 1.85 positive (2019: € 2.03 positive) and the indirect result per share of € 4.26 negative (2019: € 0.73 negative).

Development in direct result per share (€)

Direct result 2019	2.03
Like-for-like growth in net rental income excluding COVID-19	0.02
Like-for-like decrease in net rental income due to COVID-19	(0.33)
Decrease in net rental income due to acquisitions and divestments	(0.04)
Increase in financing costs due to higher average interest bearing debt	-
Decrease in finance costs due to change in average interest rate	0.09
Decrease in general expenses	0.04
Increase in income tax	(0.02)
Decrease of the result attributable to non-controlling interests	0.05
Effect of purchase of own shares 2019	0.01
Direct result 2020	**1.85**

Development in net rental income 2020

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 2019	32,568	776	33,344	13,642	19,664	3,414	70,064
Acquisitions	122	-	122	-	-	-	122
Divestments	(348)	-	(348)	-	(322)	-	(670)
Waivers of rent arears (LfL)	(1,424)	-	(1,424)	(941)	(1,738)	(30)	(4,133)
Like-for-like rental growth	(638)	-	(638)	1,512	(520)	(45)	309
Gross rental income 2020	**30,280**	**776**	**31,056**	**14,213**	**17,084**	**3,339**	**65,692**
Other income	-	-	-	314	194	-	508
Addition to provision for expected credit losses	(406)	-	(406)	(533)	(455)	(95)	(1,489)
Operating expenses [1]	(3,720)	-	(3,720)	(1,246)	(1,677)	(275)	(6,918)
Net rental income 2020	**26,154**	**776**	**26,930**	**12,748**	**15,146**	**2,969**	**57,793**
Net rental income 2019	28,884	776	29,660	12,835	18,281	3,027	63,803
Operating expenses as % of gross rental income 2020	13.6	-	13.3	12.5	12.5	11.1	12.8
Operating expenses as % of gross rental income 2019	11.3	-	11.0	7.8	7.0	11.3	9.3

1) Including net service charge expenses.

The table 'Development in net rental income 2020' shows the growth in gross rental income of the properties that were in operation and not under renovation or development during the two preceding full periods. For the calculation of the like-for-like rental growth, properties acquired or sold during the two preceding periods are excluded.

Net income from property

Gross rental income

After adjusting for non-recurring items relating to the spreading of substantial buy-out payments received from and paid to tenants in 2018, the gross rental income was € 65.7 million in 2020 compared to € 70.1 million in 2019. These movements are broken down per country in the table on page 44.

Acquisitions (€ 0.1 million increase)

No acquisitions were made in 2020 and the € 0.1 increase in gross rental income is due to properties acquired in Amsterdam in 2019.

Divestments (€ 0.7 million decrease)

In 2020, Vastned sold € 11.0 million worth of properties; in 2019, € 12.1 million worth of properties were sold. These divestments caused the gross rental income to fall by € 0.7 million compared to 2019. The divestments in 2020 and 2019 took place in the Netherlands and Belgium.

Waivers of rent arrears due to COVID-19 (€ 4.1 million decrease, like-for-like)

As a result of COVID-19, an amount of € 4.1 million in rent arrears was waived on a like-for-like basis in 2020. Waivers of rent arrears in the Netherlands, France and Belgium was € 1.4 million, € 0.9 million and € 1.7 million respectively. In Spain, less than € 0.1 million in waivers of rent arrears was granted.

Like-for-like gross rental growth (€ 0.3 million increase)

The normalised like-for-like gross rental growth in 2020 was € 0.3 million positive (0.4% positive). This positive like-for-like gross rental growth was mostly due to the letting of Rue de Rivoli 118-120 in Paris to JD Sports. In France the like-for-like growth of the gross rental income was € 1.5 million positive due to the reletting of the property Rue de Rivoli 118-120 in Paris. The like-for-like gross rental growth in the Netherlands, Belgium and Spain was € 0.6 million negative, € 0.5 million negative and less than € 0.1 million negative respectively. If the waivers due to COVID-19 are taken into account, the like-for-like growth of the gross rental income was € 3.8 million negative (5.5% negative) for the total property portfolio in 2020.

Adjustment for non-recurring items

This concerns the spreading of substantial buy-out payments received from and paid to tenants in 2018. 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. On balance, this means that both in 2020 and in 2019 € 0.8 million in additional gross rental income was presented compared to the IFRS result.

Operating expenses (including net service charge expenses)

The total operating expenses excluding the allocation to the provision for expected credit losses increased from € 6.5 million in 2019 to € 6.9 million in 2020. This increase was partly due to higher maintenance costs, net service charge expenses and other operating expenses of € 0.3 million, € 0.2 million and € 0.1 million respectively; on the other hand, letting costs decreased by € 0.2 million.

The allocation to the provision for expected credit losses increased from virtually nil in 2019 to € 1.5 million in 2020. This rise was almost completely due to COVID-19.

The operating expenses equalled 12.8% of the gross rental income (not corrected for non-recurring items) (2019: 9.3%).

Value movements in property

The investment property value movements in 2020 totalled € 84.4 million negative (2019: € 13.1 million negative). The value decreases in the Dutch, French, Belgian and Spanish property portfolios were € 41.1 million, € 10.2 million, € 24.3 million and € 8.8 million respectively.

Net result on divestments of property

In 2020, Vastned sold property totalling € 11.0 million. Of these divestments, the Belgian property portfolio accounted for € 8.3 million and the Dutch portfolio for € 2.7 million. The net result on the divestments realised in 2020 after deduction of sales costs was € 1.5 million positive.

Expenditure

Net financing costs
The net financing costs including value movements of financial derivatives decreased from € 17.6 million in 2019 to € 15.2 million in 2020. The development of the net financing costs is shown in more detail in the table below.

Development of net financing costs (€ million)

Net financing costs 2019	17.6
Increase due to higher average interest-bearing debts	0.1
Net decrease due to lower average interest rate and changes in fixed/floating interest rates and working capital	(1.6)
Decrease of negative value movements in financial derivatives	(0.9)
Net financing costs 2020	**15.2**

The net financing costs rose by € 0.1 million due to higher average interest-bearing debts resulting in particular from the share buyback programme in 2019. Due to changes in the composition of the loan and interest rate derivatives portfolios the average interest rate fell by 23 basis points from 2.22% in 2019 to 1.99% in 2020, reducing the interest expenses by € 1.6 million. As a result of the altered market interest rate, the value movements of the interest rate derivatives were € 2.1 million negative (2019: € 3.0 million negative).

General expenses
The general expenses decreased to € 7.4 million in 2020 compared to € 8.1 million in 2019. In 2020, non-recurring costs due to the departure of the CEO were recognised, resulting in a net increase of € 0.3 million in personnel costs compared to 2019. However, the net decrease in general costs of € 0.7 million was mainly due to the decision by the Belgian tax authorities to refund Vastned Retail Belgium's overpaid listing costs. Adjusted for non-recurring items, the general expenses amounted to € 7.6 million, a decrease of € 0.5 million compared to 2019.

Current income tax expense
The income tax payable on the reporting period for the regularly taxed entities in the Netherlands, Belgium and Spain was € 0.7 million in 2020 (2019: € 0.7 million).

Movement in deferred tax assets and liabilities
The movement in deferred tax assets and liabilities was € 4.9 million positive in 2020 (2019: € 0.1 million positive). The decrease in the provision for deferred tax in 2020 was mainly due to value decreases of assets in the Netherlands and Spain that are held by regularly taxed entities.

Financing structure

Financing is a key 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 realises a better spreading of financings over lenders.

Sustainability is a key part of Vastned's mission, strategy and organisation. In order to anchor sustainability in Vastned's financing, the company has developed a Green Finance Framework. The aim of the framework is to (re) finance energy-efficient commercial and residential property that contributes to the preservation of historic city centres. Under this framework Vastned can issue a range of green financing instruments.

The existing interest rate policy to fix the interest rate of approximately two thirds of the loan portfolio was continued in 2020. During 2020, Vastned repaid private placements of € 25.0 million and € 37.5 million, respectively, to Pricoa Capital Group. These repayments were financed from available resources in existing credit facilities.

In December 2020, a new committed Green Revolving Credit Facility of € 40.0 million was agreed under the abovementioned framework, in which ABN AMRO and Rabobank each participate for € 20.0 million. This Green Revolving Credit Facility has a 3-year duration and a floating interest rate that is in line with market conditions.

As at 31 December 2020, Vastned Retail's balance sheet showed a healthy financing structure with a loan-to-value of 43.0% (year-end 2019: 41.6%) and a solvency ratio, being group equity plus deferred tax liabilities divided by the balance sheet total, of 55.2% (year-end 2019: 56.6%).

At year-end 2020, the loans structure had the following features:

- The outstanding interest-bearing loans totalled € 633.3 million (year-end 2019: € 651.2 million);
- The total non-bank loans amounted to € 214.9 million (33.9%) of the total outstanding interest-bearing loans;
- Long-term loans totalling € 510.2 million will expire in 2024. This amount is related to the syndicated credit facility, the private placements with Axa and Barings and a number of Vastned Retail Belgium's credit facilities;
- 98.7% of the outstanding loans was long-term with a weighted average duration based on contract expiry dates of 3.9 years;
- 70.2% 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 4.3 years;
- The average interest rate in 2020, taking account of the interest rate derivatives agreed and the private placements, was 2.0%. The average interest rate based on the outstanding interest-bearing debt as at 31 December 2020 was 1.8%;
- 29.8% of the outstanding loans had a floating interest rate;
- Due to changes in the interest rate curve, the value of the interest rate derivatives decreased to € 4.8 million negative (year-end 2019: € 2.7 million negative);
- The unused credit facilities amounted to € 104.5 million (€ 118.9 million at year-end 2019).

With a solvency ratio of 55.2% and an interest coverage ratio of 4.3, Vastned complied with all the bank covenants at year-end 2020. 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.

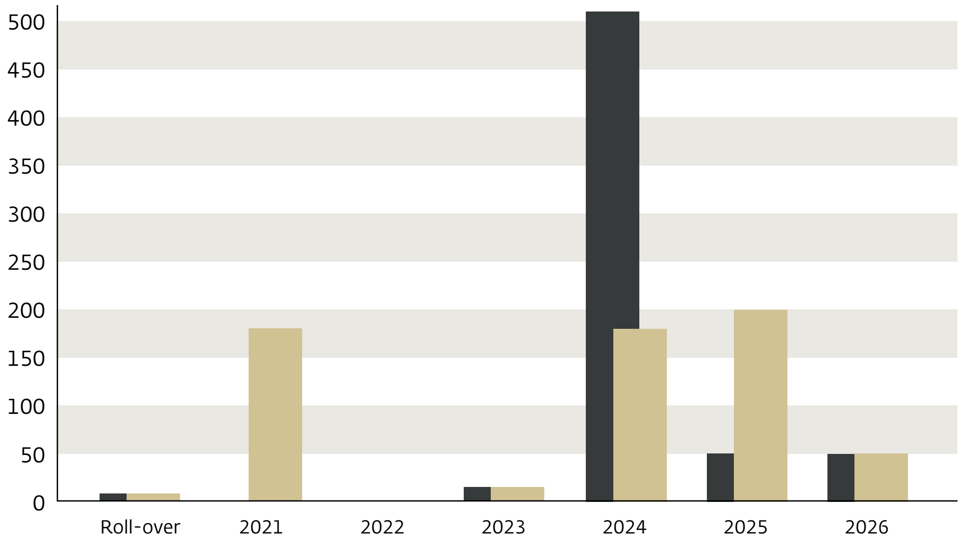
The unused credit facilities of € 104.5 million as at year-end 2020 provide ample liquidity to fulfil short-term payment obligations.

Loan portfolio as at 31 December 2020
(€ million)

	Fixed interest [1]	Floating interest	Total	% of total
Long-term debt	444.9	179.9	624.8	98.7
Short-term debt	-	8.5	8.5	1.3
Total	**444.9**	**188.4**	**633.3**	**100.0**
% of total	70.3	29.7	100.0	

1) Taking account of interest rate derivatives.

Contract and interest-rate revision dates of the loan portfolio as at 31 December 2020
(€ 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 customarily (except in 2020, see below) 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 (new LTV target as of 2021: < 40%). At the same time, its dividend policy generates a stable return for its shareholders. In this way, the dividend policy contributes to the 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 2019 and dividend proposal for 2020

In view of the exceptional circumstances resulting from the outbreak and spreading of the COVID-19 virus and the uncertainty regarding the impact on Vastned, the dividend policy was deviated from in 2020. The Annual General Meeting of 25 June 2020 declared a dividend for the 2019 financial year of € 1.43 per share, which was charged to the freely distributable reserves. The final dividend was reduced to support the company's liquidity position. With this payout, Vastned complied with the abovementioned conditions attaching to the status of a fiscal investment institution within the meaning of Section 28 of the 1969 Corporation Tax Act. In August 2019, an interim dividend of € 0.58 per share had already been distributed. The final dividend for 2019, which was made payable on 13 July 2020, thus amounted to € 0.85 per share. No interim dividend was paid in 2020 due to the uncertainty surrounding COVID-19. In the Annual General Meeting of 15 April 2021, Vastned will propose to declare a dividend for the 2020 financial year of € 1.73 per share and charge it to the freely distributable reserves. The final dividend will be made payable on 6 May 2021. At a closing price of € 23.15 on the last day of trading in 2020, which was 31 December, this equates to a dividend yield of 7.5%.

Events after balance sheet date

Divestments
On 19 January 2021, the property at Calle Tetuán 19 / Calle Carmen 3 in Madrid was sold. The property was sold at book value. This property was classified as an asset held for sale as at 31 December 2020.

Rent collection
In the period from 1 January 2021 to 31 January 2021, Vastned received € 0.6 million in 2020-related payments and waived less than € 0.1 million in 2020 rents. As of 31 January 2021, the 2020 rent collection was 90.4%. For the rent for January 2021, the rent collection rate on this date was 79.4%.

Tax plan 2021
On 15 December 2020, the Upper House in the Netherlands approved the Tax Plan 2021 ('Belastingplan 2021'). Part of this plan, which largely took effect on 1 January 2021, is a further differentiation in the rates of transfer tax with the aim of improving the position of first-time buyers on the housing market compared to investors. Concretely, this means as at 1 January 2021 inter alia a rise of the general rate from 6% to 8%. For residential units which were subject to a reduced rate of 2%, the rate was raised to 8% if these units are acquired by non-natural persons and if the units are acquired by natural persons who do not use them (or only temporarily) as their main residence. In view of the value reference date of 31 December 2020, the old rates were used to convert the appraised 'purchasing costs payable by the vendor' values to 'purchasing costs payable by the buyer'. The adjusted rates have been recognised indirectly by determining the yield of the appraisals. After all, the rate change was already known in September 2020, and so the rate change was already subsumed in the pricing (references after September 2020). This methodology is in line with the valuation standards of the IVSC (International Valuation Standards Council).

Outlook 2021

In 2021, the company will focus on maintaining the high occupancy rate of the property portfolio and on executing the strategy update. At present, the countries in which Vastned operates are in (partial) lockdown because of COVID-19. In view of the uncertainty about how long the present situation will persist and what the impact of the government measures will be, it is not possible at this time to assess the impact on Vastned's result for 2021. For this reason, Vastned does not at this time issue any forecast for the direct result for the year 2021.

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, it was explained that Vastned's objectives are in line with the five most important material topics defined for Vastned, Vastned's sustainability framework and the SDGs. In these, the preservation of cultural heritage, enhancing safety and liveability and the topic '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 welfare 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 seventeen development goals of the United Nations
- Vastned endorses the ten 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
- Where possible, 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 especially on the health and welfare 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. This constitutes a risk for Vastned because it is difficult to provide insight into the environmental impact of its portfolio. Energy Performance Certificates (EPC) are an opportunity for Vastned to gain insight into the energy consumption of its portfolio. In this way, Vastned was able in 2020 to concretely implement its objectives to limit its environmental impact where possible.

Energy Performance Certificate
The number of commercial units with an EPC increased from 71% at year-end 2019 to 72% at year-end 2020. In the Netherlands, France and Spain the proportion of properties with an EPC is 95%, 99% and 100% respectively. In Belgium it is not yet possible to get EPCs for commercial properties. 79% of the residential properties in Belgium have an EPC.

Use of green energy and compensation of CO_2 emissions
With respect to its own energy consumption, in 2020 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 2020, Vastned caused and compensated emissions totalling 144 tonnes of CO_2e, compared to 205 tonnes of CO_2e in 2019. This decrease was mainly due to the fact that in 2020 Vastned's employees worked remotely from home as a result of the government measures. In 2021, Vastned will continue to facilitate and encourage working from home in order to reduce the company's CO_2 emissions in the longer term.

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 2020, the company succeeded in adding a green and ethical clause to 98.5% of all newly concluded leases for retail assets.

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 128. Vastned's tax policy was defined in consultation with stakeholders, such as shareholders and interest groups.

Organisation

Employees and organisation: a crucial pillar of the strategy

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 with employees dedicated to managing a high-quality sustainable portfolio let to leading retailers.

Care for 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 welfare 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. A total of 38% of the employees took courses in 2020. Vastned also pays half of employees' gym memberships. 20% of the employees made use of this. Vastned also offers employees the opportunity to participate in an online wellness and health programme (Virgin Pulse Go), which offers tips and support for a sustainable healthy lifestyle, encourages employees to stay in touch with each other (also remotely) and thus contributes positively to the team's well-being.

In order to emphasise its social commitment, Vastned organises a volunteer day every year, which both contributes to society and boosts the team spirit among its staff. Due to the government measures in response to the pandemic in 2020, it was decided to postpone the volunteer day until further notice. As soon as circumstances permit in 2021, Vastned will once again organise a volunteer day.

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. These are determined on the basis of the extent to which the targets are achieved, explicitly also taking into account the situation resulting from COVID-19, in line with the Executive Board's decision to waive its variable short-term incentive for 2020.

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. In order to support Vastned's liquidity position as much as possible during the COVID-19 crisis, this discount scheme was discontinued as of April 2020 until further notice. This scheme will be reinstated for employees at some point in 2021.

One integrated 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 local teams have a high degree of independent responsibility, but they do adhere to a clear 'Vastned vision' and are supported intensively from head office. As of 1 March 2021, an Executive Committee will be set up that will take over the role of the current Management Team. The Executive Committee will be in charge of the day-to-day management of the company and will support the Executive Board in managing the company.

Anticipating the expected continuing trend of (partial) home working in the coming years, Vastned decided at the end of 2020 to look for a smaller office building for its head office at a more inexpensive location, where the company will move in mid-2021.

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. Due to the governmental measures surrounding COVID-19, these meetings took place digitally in 2020.

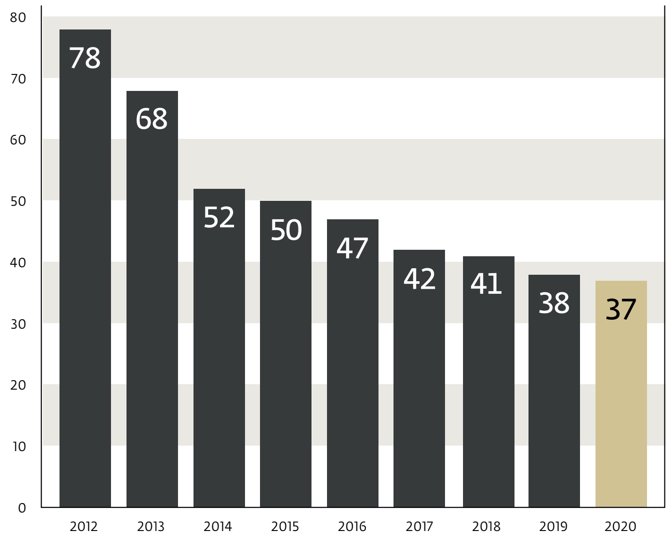
Employees

At year-end 2020, Vastned employed 37 FTEs, or 40 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 37 at year-end 2020. 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 2020							
	Male 17				**Female** 23			
Part-time vs. full-time	full-time				part-time			
	Male 16		**Female** 13		**Male** 1		**Female** 10	
Employees by region	Netherlands				France			
	Total FTE 22.7				**Total FTE** 8.8			
	Male 12.7		**Female** 10.0		**Male** 3		**Female** 5.8	
	Fixed contract 9.9	**Temporary contract** 3.0	**Fixed contract** 10.0	**Temporary contract** 0	**Fixed contract** 3.0	**Temporary contract** 0	**Fixed contract** 5.8	**Temporary contract** 0
	Belgium				Spain			
	Total FTE 4.6				**Total FTE** 1			
	Male 1		**Female** 3.6		**Male** 0		**Female** 1	
	Fixed contract 1.0	**Temporary contract** 0	**Fixed contract** 3.6	**Temporary contract** 0	**Fixed contract** 0	**Temporary contract** 0	**Fixed contract** 1.0	**Temporary contract** 0
Own staff vs. hired	Own staff				Hired externally			
	40				3			
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. In 2020, the frequency of Management Team meetings due to COVID-19 was increased when events required it. The Management Team meetings deal with various topics, among which:

- Progress in the realisation of current objectives;
- Potential objectives;
- Current sustainability topics;
- Developments in reporting and communication;
- Assessment of results;
- The Sustainability Task Force consists of the CEO and two members of the Management Team. As chairman, the CEO has the final say on energy-saving measures to be taken.

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 larger 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 2020, the Association of Investors for Sustainable Development (VBDO) presented the Tax Transparency Benchmark 2020, a report in which 77 listed companies in the Netherlands were compared in terms of tax transparency. Here, too, Vastned achieved a high score in its sector. With a score of 21 points, Vastned claimed the 26th position out of the 77 companies surveyed, and second place in the property sector, once again achieving its aim to be among the top five property companies. In 2019 Vastned scored 20 points and received the 21st place of the 77 companies surveyed, and came second in the property sector.

EPRA Best Practices Measures

Vastned has committed itself to reporting in accordance with EPRA's financial and social guidelines (see pages 174 and 180).

For over ten years, Vastned has reported its financial results in accordance with EPRA's Best Practice Recommendations (BPR); each of its reports in the past ten years 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 2020, Vastned's reporting on 2019 won EPRA's sBPR Gold Award, for the fifth year running.

Integrated Reporting and Global Reporting Initiative

The 2020 annual report is Vastned's third consecutive fully integrated annual report. This annual report is closely in line with The Global Reporting Initiative guidelines, Core option (see the GRI table on 204).

Verification of non-financial information

Currently, Vastned's 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;
- Sustainalytics has supported Vastned in reviewing and verifying the Green Finance Framework[1] by providing a Second-Party Opinion on this framework. In addition, Sustainalytics conducts an annual review of the 'allocation and impact report' presented in this annual report (see 56). The review report of Sustainalytics on the allocation and impact report can be found on the Vastned website;
- Vattenfall provides data regarding the use of gas and electricity within the portfolio (see page 184);
- The Climate Neutral Group supports Vastned in collecting energy data from its own offices in the four countries in which Vastned operates; and
- JLL supports Vastned in aggregating the energy data and ensures that this is done in accordance with the EPRA standard (see page 186).

By entering into collaborations with these four parties Vastned has developed an internal process to ensure 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.

1) www.vastned.com/en/investor-relations/green-finance-framework

Green Finance Framework

Vastned has developed a Green Finance Framework to attract funding to (re)finance energy-efficient commercial and residential properties that contributes to the preservation of historic city centres. Within this framework Vastned can issue various green financing instruments, such as green bonds, green private placements and green loans. The Green Finance Framework provides a set of clear and transparent criteria for issuing green finance instruments. The criteria are in line with the guidelines of the Green Bond Principles (ICMA, 2018) and the Green Loan Principles (LMA/APLMA, 2020).

In the framework, Vastned has laid down qualification criteria for eligible assets to which the capital raised from the green financing instruments should be allocated. The qualification criteria are described in the table below and are based on the United Nations Sustainable Development Goals and the EU's proposed taxonomy of sustainable economic activities[2].

The qualification criteria are in line with those commonly used in the market for green financing instruments. Since the criteria for Energy Performance Certificate (EPC) labels differ from country to country, there may be differences between qualification criteria in the Netherlands, Belgium, France and Spain.

SDG	Eligible assets qualification criteria	EU Taxonomy environmental target & economic activities
Eligible assets 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES	**Commercial and residential property that meets the following criteria:** *Newly developed and existing buildings:* • EPC label 'A' or better in the Netherlands. • EPC label 'A' or better, or E-level <60 in Belgium. • EPC label 'A' or better in France. • EPC label 'C' or better in Spain. *Renovations:* The renovation must achieve a saving of at least 30% on the building's primary energy demand.	**EU environmental target:** Mitigating climate change **EU taxonomy of economic activities:** • 7.1 Construction of new buildings. • 7.2 Renovation of existing buildings. • 7.3 Acquiring and owning buildings.

2) Annex 1 of the 'Draft Delegated Act on the EU Taxonomy for Climate Change Mitigation and Climate Change Adaptation Activities (European Commission, 20 November 2020)'

Allocation of eligible assets

As agreed in the Green Finance Framework, Vastned will report annually on the allocation of eligible assets to green finance instruments in the annual report.

Under the Framework Vastned has issued a new committed € 40 million Green Revolving Credit Facility ('Green RCF') as of 31 December 2020 in which ABN AMRO Bank N.V. and Coöperatieve Rabobank U.A. each participate for € 20 million. Figure 1 below shows the total portfolio of eligible assets in relation to the outstanding green financing instruments. Figures 2, 3 and 4 provide more information on the distribution of the eligible assets portfolio.

At present, the portfolio in France and Belgium do not have any properties that meet the qualification criteria for eligible assets. In France, the portfolio consists mainly of listed buildings. It is common for assets to be given a classification for how it should look on both the outside and the inside. This limits the opportunities to carry out major renovations to increase the EPC label and to make energy efficiency improvements. Within these constraints, Vastned always aims to optimise the energy efficiency of its portfolio.

Allocation overview of eligible assets

Figure 1: Total portfolio of eligible assets and green financing instruments issued. (€ million)

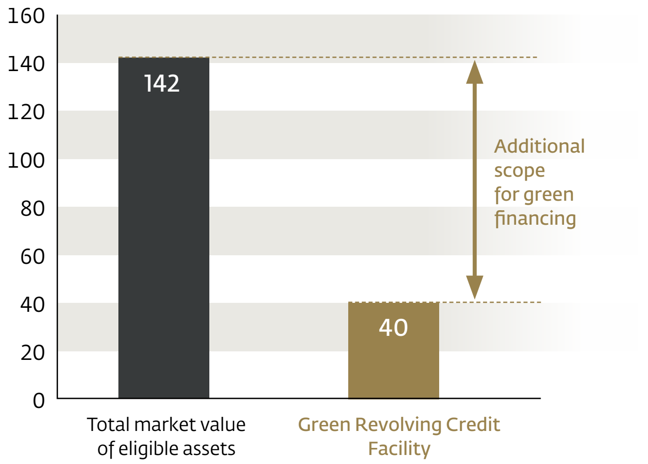


Figure 2: Distribution of eligible assets per country as a percentage of total market value.

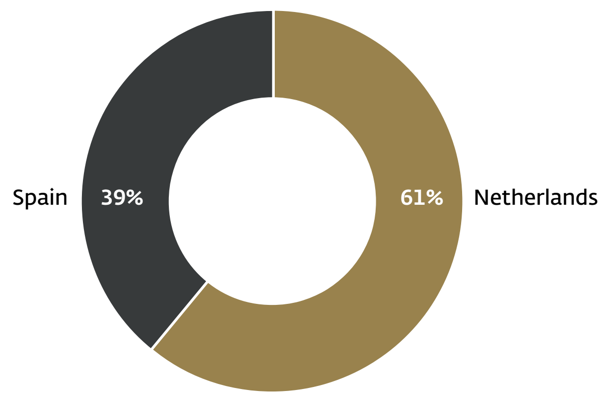


Figure 3: Distribution of eligible assets per EPC label as a percentage of the total market value.

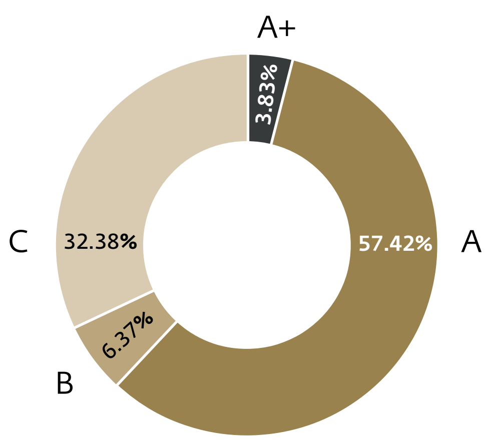
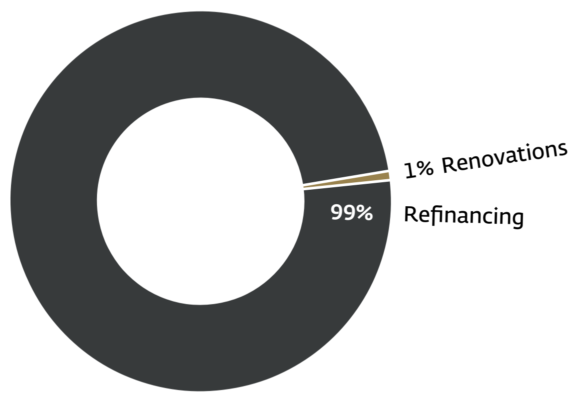


Figure 4: Allocation of capital for renovations carried out in the last 12 months and refinancing of existing eligible assets as a percentage of total market value.



In Belgium, the reporting methodology for EPCs is not yet fully developed. Therefore, no classification based on EPC labels can be drawn up for the properties in Belgium. In 2021, Vastned will work towards a reporting methodology to identify the eligible assets in Belgium.

Impact reporting

Vastned recognises that there is room for improvement within the portfolio and aims to continue to improve the sustainability performance of the portfolio. Figures 5, 6 and 7 provide more information on the environmental classification of the eligible assets portfolio to which the net proceeds of the issued green financing instruments are allocated.

Environmental classification of eligible assets

Figure 5: Distribution of eligible assets by type of unit.

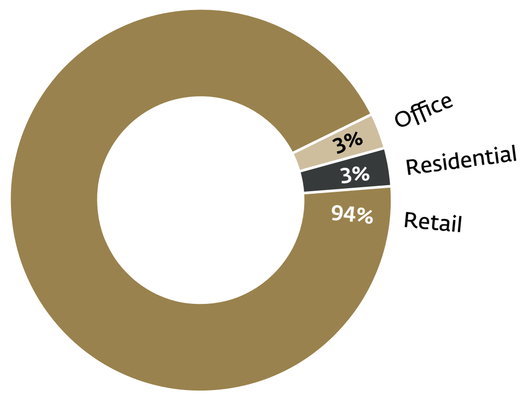


Figure 6: Distribution of eligible assets by sector as a percentage of total market value.

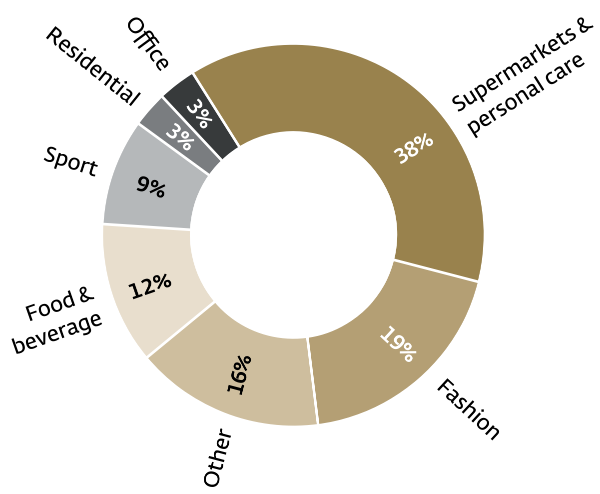
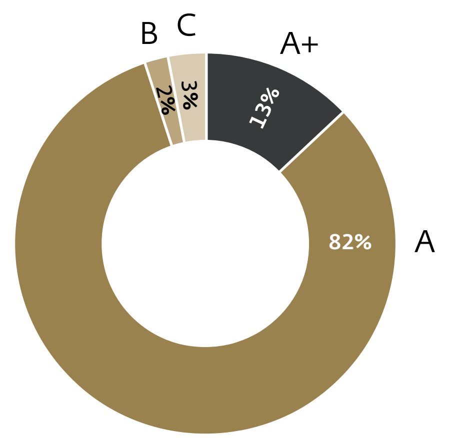


Figure 7: Distribution of eligible assets per EPC label as a percentage of the total floor area.



The completed sustainable renovation projects for 2020 are presented below. Three apartments were created by means of two conversions and fourteen apartments were renovated in Amsterdam, Utrecht, Antwerp and Bordeaux. Vastned aims to improve the energy efficiency, living comfort and safety of the apartments by renovating them. Energy efficiency is measured using an EPC. Only projects where the EPC has risen to A are eligible to be allocated to green financing instruments.

Sustainable renovation projects in 2020

Vinkenburgstraat 2bis, Utrecht
This project concerns the renovation of three studio apartments, which were completed in early February 2020. The EPC improved from G to C.

Leysstraat 17, Antwerp
This apartment has been thoroughly renovated and completed in February 2020.

Van Baerlestraat 86.3, Amsterdam
This apartment has been renovated whereby the EPC improved from E to A. It was completed in March 2020.

Ferdinand Bolstraat 101.1, Amsterdam
This project concerns a small-scale renovation of an apartment where the EPC remained the same at C. The project was completed in March 2020.

Van Baerlestraat 108.2, Amsterdam
This project concerns a renovation and a division of an apartment into two apartments. The EPC improved from E to A and the project was completed in May 2020.

1e Jan van der Heijdenstraat 88a-2, Amsterdam
This apartment was sustainably renovated, with the EPC label improving from G to B. The project was completed in June 2020.

20 Rue Sainte Catherine, Bordeaux
This project involves the renovation of three apartments in July, September and October 2020.

Rue de Rivoli 102, Paris
This concerns a conversion of the first floor of the building into an office. The project was completed in July 2020.

Amstel 8.1, Amsterdam
This project concerns the renovation of an apartment and was completed in September 2020. The EPC improved from G to C.

Ferdinand Bolstraat 65.2, Amsterdam
This concerns a small-scale renovation of an apartment. The energy label remained the same and the project was completed in October 2020.

Leysstraat 28, Antwerp
This apartment was renovated and completed in November 2020. The EPC went up from C to B.

Schuttershofstraat 30, Antwerp
Two apartment were created at this location, and the project was completed in December 2020.

In 2021, we will continue to improve a selection of our portfolio through sustainable renovation projects. The following projects will be executed in the coming year:

Sustainable renovation projects in 2021

Govert Flinckstraat 118-3, Amsterdam
This project concerns the renovation of an apartment. After the renovation, the energy label is expected to rise from G to A.

Zakkendragersteeg 42A t/m E en Vredenburg 9, Utrecht
Next year, five apartments will be created on the first floor of this building. The expected completion date is March 2021.

Ferdinand Bolstraat 109.1, Amsterdam
Ferdinand Bolstraat 79.2, Amsterdam
Ferdinand Bolstraat 97-1, Amsterdam
Ferdinand Bolstraat 109.2, Amsterdam
These apartments will be thoroughly renovated and are expected to be completed in the second quarter of 2021.

Choorstraat 13, Utrecht
This project concerns the division of an apartment into two or three apartments. Vastned expects these apartments to be delivered in the third quarter of 2021.

Rechtestraat 25, Eindhoven
Three apartments will be created on the first floor of this building. Vastned expects these apartments to be delivered in the third quarter of 2021.

Vinkenburgstraat 2, Utrecht
Drieharingstraat 6-8, Utrecht
Orionstraat 137-159, Eindhoven
Mozartlaan / van der Molenallee, Doorwerth
Vredenburg 9, Utrecht
For these five properties Vastned will take several energy-saving measures that will be recouped within five years. The properties will be insulated and smart meters will be installed that automatically regulate the lights and heating.

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

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. Vastned affirms that it has followed all principles and best-practice provisions of the Code throughout 2020.

Governance structure

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 154.

Composition and tasks of the Board of Management and Supervisory Board

Based on Vastned's articles of association, the Executive Board consists of one or more members. Until 1 December 2020, the Executive Board consisted of two people, namely a CEO (Taco de Groot) and a CFO (Reinier Walta). Following the early stepping down of Taco de Groot on 1 December 2020, Reinier Walta temporarily took over the duties and powers of the CEO as interim CEO. At the Annual General Meeting on 15 April 2021, the Supervisory Board will propose appointing Reinier Walta as Managing Director. 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, please refer to the Articles of Association, the Regulations of the Executive Board and the Regulations of the Supervisory Board. These documents are available on Vastned's website.

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 presented in this annual report on page 210 and following.

Remuneration of the Executive Board and the Supervisory Board

The 2020 remuneration report for the Executive Board and the Supervisory Board is presented on page 88 this annual report. The remuneration report can also be inspected on Vastned's website:

www.vastned.com/remuneration_report

Shareholding of the 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 153 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

Supervisory Board retirement roster

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 2020 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

In 2020, one of Vastned's objectives was that at least 30% of the members of the Executive Board, the Management Team and the Supervisory Board should be women and at least 30% men. At year-end 2020, the make-up of the Supervisory Board was 33% female, and as such was in accordance with Vastned's objectives in terms of gender diversity. The Management Team, which at the end of 2020 consists of 40% women and 60% men, also has the desired balance. The Management Team is charged with the day-to-day management of the company and is headed by the statutory Executive Board. Vastned's statutory Executive Board consists of one person (m) as of 31 December 2020.

At the Annual General Meeting to be held on 15 April 2021, Vastned will propose changes to the composition of the Executive Board and the Supervisory Board. As of 1 March 2021, an Executive Committee will be set up that will take over the role of the current Management Team. The diversity targets will also apply to the Executive Committee. In new appointments to the Executive Board, the Supervisory Board and the Executive Committee, the aspect of gender diversity will be included as one of the objectives; selection of the most suitable candidate based on all selection criteria will remain 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. The profile further states that knowledge of the property sector is indispensable for a balanced composition of the Board. A schematic overview of the desired competences within the Supervisory Board, including the specific expertise of each member, can be found on page 86.

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 2020, 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 annually. In these meetings, the following issues are normally discussed:

- a detailed report by the Executive Board on the past financial year, including an explanation of the long-term strategy, the vision on long-term value creation and the strategy to realise this, and 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 2020 will be put to the Annual General Meeting on 15 April 2021 for an advisory vote.

Important matters that must be put to the Annual General Meeting include:

- material changes to Vastned's Articles of Association;
- adoption of the financial statements for the past financial year;
- proposals concerning the appointment of members of the Executive Board and Supervisory Board;
- the dividend and reservation policy;
- proposals to distribute dividends;
- adoption of the remuneration policy for the Executive Board (at least once every four years);
- adoption of the remuneration policy for the Supervisory Board (at least once every four years);
- decisions concerning the issue or repurchase of Vastned shares;
- approval of the policy conducted by the Executive Board (discharge of the members of the Executive Board);
- approval of the supervision exercised by the Supervisory Board (discharge of the members of the Supervisory Board);
- substantial changes in the governance structure of the company and in compliance with the Code; and
- appointment of the external auditor.

The authorisation granted on 18 April 2019 by the Annual General Meeting to the Executive Board to acquire shares in the Company's capital, with the approval of the Supervisory Board, up to a maximum of 10% of the share capital issued on 18 April 2019 until 18 October 2020 was not used in 2020. On 25 June 2020, the Annual General Meeting did not renew the Executive Board's authorisation to acquire shares in the capital of the Company (purchase).

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. On 25 June 2020, the Annual General Meeting resolved to (retrospectively) reappoint Ernst & Young Accountants LLP as of 1 January 2020 as the external auditor for a term of four financial years.

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 (e.g. due to the government measures that are in place at that time). 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 200 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 2020, 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 200 of the annual report. The section 'Share Ownership' lists shareholders holding an interest of 3% or more that were known to the Company at year-end 2020;
d) There are no shares in the Company in which special controlling rights are vested;
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 extent the Company is aware, 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. At year-end 2020, the Executive Board was not entitled to issue or repurchase shares;
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 Executive Board 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 2020 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 59 of the annual report;
- The notifications regarding the main features of the management and control system relating to the financial reporting process of the Company and the Group, as included in the section 'Risk Management' on page 65 of the annual report;
- The notifications 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 59 of the annual report;
- The statements regarding the composition and functioning of the Executive Board, as included on page 59 of the chapter 'Report of the Executive Board' and in the section 'Composition of Management Team' on page 208 of the annual report;
- The statements regarding the composition and functioning of the Supervisory Board and its committees, as included in the chapter 'Report of the Supervisory Board' and the section 'Composition of the Supervisory Board', on page 74 and page 210 of the annual report respectively;
- The statements regarding (the objectives of) the diversity policy and the manner in which this policy has been implemented, as included in the section 'Corporate Governance' on page 59 of the annual report; and
- The statements pursuant to Article 10 of the EU Takeover Directive, as included in the section 'Corporate Governance' on page 59 of 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.

Overview of risk management at Vastned

Strategy & risk appetite

Policy and procedures

Risk areas

Strategic
- Achieving stable and predictable results
- External factors
- Limited availability of properties
- Liquidity of the share

Operational
- Staff
- Transactions
- Valuation
- Cost control
- IT
- Catastrophes

Finance
- Liquidity
- Financing market
- Debtors
- Reporting

Compliance
- Laws and regulations
- Codes and regulations
- Third parties and conflicts of interest

Risk and control framework

Monitoring & auditing

Strategy and risk appetite

Since 2011, Vastned's objective has been 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.

At the publication of the annual results 2020, Vastned announced its strategy update, in which the Company aims to optimise and concentrate the current portfolio to a mixed user profile and to increase the cost efficiency of the organisation.

In pursuit of the realisation of this objective Vastned has put in place a strategy based on three pillars: (i) an optimised and concentrated portfolio, (ii) an efficient organisation, and (iii) a conservative financing strategy.

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 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 section 'Financing' in the strategy update 2021 on page 23. With respect to compliance, the risk appetite is nil: 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, Vastned further specified the risk appetite, inter alia by including a qualification of the risk appetite per risk category. These qualifications are as follows: nil, zero tolerance; nil to low tolerance; conservative; measured; expedient. The risk appetite per risk category adds an extra standard to the risk and control framework, against which the risks are assessed. This standard provides the framework within which the organisation operates.

Tone at the top

The Executive Board and the Management Team attach great value to ethical and honest business conduct. 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 to 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 to be one of the leading factors in 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 related regulations

The Code of Conduct is a fundamental document for Vastned, as it contains the principles that Vastned considers to be fundamental to the company, for the employees, tenants, financiers, business relations, shareholders, society and the interaction between these stakeholders. The Code of Conduct aims to make the employees aware of acting honestly and transparently by recording what is, and what is not, deemed to be acceptable behaviour. In addition to the Code of Conduct, an Regulation on Incidents and a Whistleblower's Code are in force. These regulations are an extension of the Code of Conduct and facilitate reporting of (alleged) incidents, either anonymously (Whistleblowers' Code) or otherwise. These regulations describe the procedure for reporting (alleged) incidents. The regulations contribute to ethical awareness within Vastned's company culture.

The texts 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. The risk appetite in this area is low to conservative. To mitigate this risk, Vastned only invests in the best 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.

In order to generate stable and predictable results, a strategic choice has been made for a conservative financing strategy, which aimed until 2020 to limit loan capital financing to between 35% and 45% of the market value of the property portfolio. From 2021 onwards, the aim will be to limit loan capital financing to a maximum of 40%. In principle, no more than a third of the loan portfolio will have a floating interest rate. In 2020, loan capital financing remained between 35% and 45% throughout the year, and came to 43.0% on 31 December 2020 (see page 47). 29.8% of the loan portfolio had a floating interest rate as at 31 December 2020 (see page 47).

External factors

One strategic risk is that Vastned might 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, permit policies or a pandemic. This may impact the expected rent developments and demand for retail locations and as a result the value development of the investments. The risk appetite in this area is conservative. Potential external changes are followed closely in the annual strategy sessions and by monitoring developments as they happen, which enables us to respond quickly and adequately.

In 2020, as a result of COVID-19, it was decided to start earlier with the strategy update that was initially planned for mid-2021. The main reason for this strategy update was the rapidly changing retail landscape as a result of changing consumer spending and e-commerce.

The COVID-19 pandemic and the government measures taken had negative implications for our tenants and therefore also for Vastned's results in 2020. During the first and second lockdowns in the countries in which Vastned operates, the team made tailored arrangements with the tenants. Due to a proactive approach and intensive contacts with the affected tenants we were able to come to arrangements for virtually the entire portfolio that were in line with the arrangements in the industry.

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. The risk appetite in this area is low to conservative. 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 74).

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 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 is 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. The risk appetite in this area is low tolerance to nil.

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 2020, Vastned has been able to appoint good quality employees to fill the positions that became vacant.

Furthermore, Vastned works exclusively with internationally and nationally reputed advisers that have proven experience in the area for which they are engaged. Advisers are selected after careful consideration based on, among other things, price, quality and required expertise.

Execution of transactions

Transactions involve various risks, such as risks arising from transactions and (external) events, incorrectly performed investment or divestment analyses and the risk that a property cannot be leased at the projected rent due to its nature and location and/or tenant quality (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. The risk appetite in this area is low to conservative.

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

- Performance of an extensive due diligence investigation to assess commercial, financial, legal, construction and tax aspects using a standard checklist;
- Involvement of various disciplines in acquisitions and divestments;
- Standard format for investment or divestment proposals; and,
- Internal authorisation procedures that state that investments and divestments above an amount to be determined annually by the Supervisory Board (in 2020: 25 million) require the approval of the Supervisory Board.

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. The risk appetite in this area is low to conservative. 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.

The COVID-19 outbreak has resulted in significantly lower levels of transaction activity and liquidity in the retail property market. As at 30 June 2020 the lack of market information for comparative purposes was such that the appraisals as at 30 June 2020 were subject to 'material valuation uncertainties' as described in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

These 'material valuation uncertainties' were withdrawn as of 31 December 2020 for most of the portfolio. Only Cushman & Wakefield in Spain, CBRE in Belgium and Cushman & Wakefield in Belgium have not withdrawn their 'material valuation uncertainties'.

For this reason, less certainty and a greater degree of caution should be attached to the valuations than would normally be the case.

Our appraisers, CBRE and Cushman & Wakefield, have the largest database in Europe in the area of retail property. They are best placed in the present appraisal market to minimise the estimation uncertainty and assign a correct value to Vastned's property.

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. The risk appetite in this area is low to conservative. 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 2020, the operating expenses and general expenses came in under budget. This was mainly due to COVID-19, due to which non-essential operating expenses were postponed until further notice. Furthermore, cost savings were made in 2020 to keep general expenses under control. In 2020, non-recurring costs associated with the departure of the CEO were recognised, resulting in a net increase of € 0.3 million in personnel costs compared to 2019. However, the net decrease in general expenses of € 0.7 million was mainly due to the decision by the Belgian tax authorities to refund Vastned Retail Belgium's overpaid listing costs. There has not been 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 (including personal data) by third parties and reputation damage. The risk appetite in this area is low to nil.

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 continuous updates on developments in the area of IT.

No IT related incidents took place in 2020 that impacted business operations in any way. Thanks to its robust IT structure, Vastned was also able to safeguard continuity during the periods when working from home was urgently recommended by the Dutch government and made mandatory by the Belgian, French and Spanish authorities (lockdowns during the COVID-19 pandemic).

Catastrophe risk

The catastrophe risk is the risk that a catastrophe causes extensive damage to one or more properties with the potential consequent loss of rent, a lower direct and indirect result, and tenants bringing claims and legal proceedings. 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.

In 2020, no catastrophes resulting in physical damage to properties occurred.

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 risk appetite in this area is nil. 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 charter, which is periodically reviewed by the treasurer and the Executive Board and approved by the Supervisory Board.

In 2020, as a result of COVID-19, Vastned implemented additional control measures to monitor the liquidity position (including increased frequency of reports to the Executive Board and Supervisory Board and preparing and analysing detailed liquidity forecasts).

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 only at unfavourable conditions, 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. The risk appetite in this area is nil.

Interest rate risks are caused by interest rate fluctuations, which 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:

- Financing with loan capital is limited to a maximum of 40% of the market value of the property;
- The share of short-term loans is limited to a maximum of 25% of the loan portfolio;
- The aim is to spread the financing over different banks and other sources of financing, such as private placement bonds. 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 takes place on the basis of periodic internal financial reports, including sensitivity analyses, financing ratios, development of bank covenants and funding scope and internal procedures as laid down inter alia in the treasury charter; and
- The outcomes of these reports are periodically discussed with the audit and compliance committee and the Supervisory Board.

In 2020, 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 47).

Debtor risk

The debtor risks relates to loss of rental income due to payment defaults and bankruptcies, leading to a lower than expected direct and indirect result. The risk appetite in this area is conservative. To mitigate the debtor risk, Vastned screens tenants before concluding leases. In addition, the financial position and payment behaviour of tenants are monitored through regular talks with tenants and examination of external sources. Prospective tenants must provide a bank guarantee and/or deposit prior to the start date of the agreement.

In principle, the Executive Board inspects the debtor lists monthly. In principle, Vastned holds quarterly debtor meetings, in which decisions are made on provisions for doubtful debtors. In 2020, as a result of COVID-19, the debtor risk increased significantly as many tenants failed to meet their payment obligations, or paid less or later, due to major declines in sales caused by the various government measures. In 2020, Vastned set up a tailor-made process based on which individual arrangements were made with affected tenants and the payment arrangements with tenants were monitored systematically. Additional control measures were also put in place, including increasing the frequency of consultation with debtors and the relevant reports and weekly update calls of the Executive Board to the asset and property management teams at home and abroad. Thanks to this intensive collaboration between the commercial and the financial teams, Vastned achieved rent collections of 90% as at 31 December 2020.

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. The risk appetite in this area is low to nil.

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 forecasts and analyses of figures;
- 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, on the basis of reports, 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 management consultation on external audit results; and
- Discussion of external audit results with the audit and compliance committee and the Supervisory Board.

In 2020, no material events occurred regarding Reporting.

The use of the recently implemented property management system Yardi at the various Vastned offices allowed for accurate and timely reporting, also during the lockdown periods in 2020.

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. The risk appetite in this area is nil. 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 2020, 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. The risk appetite in this area is nil.

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;
- Employees taking relevant professional 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 the like.

In 2020, no material events occurred regarding tax issues. However, the Dutch government has announced that it will investigate a possible (targeted) adjustment of the FII regime. The results of this study (and any adjustments to the policy and/or regulations on this point) are expected to be announced in the course of 2021. Also, on 15 December 2020, the Upper House in the Netherlands approved the Tax Plan 2021 package. Part of this plan, which largely took effect on 1 January 2021, is a further differentiation in the rates of transfer tax with the aim of improving the position of first-time buyers on the housing market compared to investors. Concretely, this means as at 1 January 2021 inter alia a rise of the general rate from 6% to 8%. For residential units which were subject to a reduced rate of 2%, the rate was raised to 8% if these units are acquired by non-natural persons and if the units are acquired by natural persons who do not use them (or only temporarily) as their main residence. Given the appraisal methodology used by our appraisers, these changes form part of the assumptions and principles used in determining the market value of Vastned's property portfolio as at the balance sheet date.

Laws and regulations / Codes and regulations
As described earlier, Vastned has various 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. The risk appetite in this area is nil.

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 2020, 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 cause reputation damage, claims and legal proceedings, resulting in higher costs and a lower direct result. For the rules on conflicts of interest, please refer to the text of the Code of Conduct. The risk appetite in this area is conservative.

As part of the due diligence process, third parties must be screened in accordance with an internal customer due diligence policy. The results of this screening are set out in the due diligence report submitted to the Executive Board as part of the decision-making process.

Risk and control framework
The integrated risk and control framework is divided into four risk areas: strategic, operational, financial and compliance risks. The framework then indicates the probability of a risk occurring and 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 on 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 staff and advisers;
- Execution of transactions;
- The quality of property valuations;
- Controlling costs;
- Controlling the IT environment;
- Reporting risks; and
- Third parties and conflicts of interest.

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 2020, 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 due to further streamlining of internal processes.

As indicated, Vastned has procedures in place to report incidents, either anonymously or otherwise. No incidents were reported in 2020.

Audits

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

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.

Representation letters

At least once a year the country managers sign a representation letter in which they declare 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 Conduct and administrative organisational procedures and that there are no conflicts in this area;
- the system of internal 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 otherwise misleading;
- 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;
- 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 2020 (ceteris paribus).

Movement	Effect
100 basis point interest rate increase	Direct result per share < € 0.01 down
25 basis point increase of net initial yield used in appraisals	Indirect result per share € 4.54 down, loan-to-value ratio 261 basis points down
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 Article 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 profit 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 2020 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 of the Executive Board gives sufficient insight into shortcomings in the functioning of the internal risk management and control systems (see page 65 to 72);
- these systems provided a reasonable degree of certainty that the financial reporting does not contain any material inaccuracies (see page 65 to 72);
- 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 102 to 171 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 66 and following).

Amsterdam, 10 February 2021

The Executive Board of Vastned Retail N.V.
Reinier Walta, interim CEO

Report of the Supervisory Board

4

Dear shareholders, tenants, colleagues and other relations,

The year 2020 was a year of challenges for all of us, both on a business and a personal level. The global pandemic made us realise that we cannot take our health for granted. 2020 was a year in which our flexibility and interpersonal connections were tested more than ever, in the joint fight against the virus.

In this report, the Supervisory Board looks back on the events of the past year and also looks ahead to some developments planned for the year 2021.

In this report of the Supervisory Board, the Supervisory Board accounts for the way it has fulfilled its duties and responsibilities. This report on the 2020 financial year focuses on compliance with the Code. 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 34 and following.

In accordance with the provisions in its Tax Policy, Vastned in 2020 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.

Vastned and COVID-19

As a result of the global virus outbreak, Vastned also faced several challenges. The central aim was once again to create long-term value for all stakeholders involved in the company in 2020, despite the exceptional circumstances of lockdowns (partial or otherwise) at home and abroad. The Supervisory Board maintained frequent and intensive contact with the Executive Board regarding the impact of this pandemic on the company and the organisation. This included ensuring that the tailored agreements made with tenants were observed on time and correctly. The Supervisory Board is satisfied with the relatively high rent collection rate (90%)) during the year 2020 that was achieved thanks to the efforts made by the entire Vastned team. Operating in a challenging retail market, Vastned has shown strong performance, also during the COVID-19 pandemic, with a high occupancy rate and a relatively stable valuation of the property portfolio.

Annual General Meeting

In view of the uncertainty and government measures related to COVID-19, it was decided at the end of March 2020 to postpone the Annual General Meeting scheduled for 16 April 2020 using the Temporary Act COVID-19 adopted for this exceptional situation. This arrangement also made it possible for shareholders to attend the meeting not physically but via a live audio webcast, to ensure the health and safety of shareholders and other stakeholders.

The General Meeting of Shareholders was held on 25 June 2020 via an audio webcast broadcasted live from the Vastned website, whereby questions correctly submitted in advance (as well as additional questions submitted during the meeting) were answered during the meeting. Shareholders were given the opportunity to issue a proxy containing a voting instruction prior to the meeting.

During the Annual General Meeting, the shareholders adopted the financial statements for the 2019 financial year and approved the proposal to distribute a dividend of € 1.43 per share for the 2019 financial year.

The proposal to grant discharge to the members of the Supervisory Board for the 2019 financial year was adopted. The proposal to grant discharge to the members of the Executive Board for the 2019 financial year was not adopted. After the close of the Annual General Meeting Ms Marieke Bax resigned from the Supervisory Board due to reaching her maximum term of office. The Supervisory Board is grateful to Ms Bax for her dedication over the past eight years as a member of Vastned's Supervisory Board. The vacancy that arose within the Supervisory Board after the departure of Ms Bax will not be filled (for the time being), with the result that the Supervisory Board will consist of three members for the time being. Mr Jaap Blokhuis took up the position of chairman of the remuneration and nomination committee after Ms Bax' resignation.

The proposals to amend the Remuneration Policy for the Executive Board and the Remuneration of the Supervisory Board did not receive the required 75% majority. The amendments were proposed to bring the policy into line with the recently introduced statutory regulations for the implementation the European Shareholders' Rights Directive ((EU) 2017/828). As a result of this vote, the existing remuneration policy remained in force. A new proposal will be submitted for approval at the Annual General Meeting to be held on 15 April 2021.

The outcome of the advisory vote on the 2019 Remuneration Report was negative. The shareholders furthermore did not approve the proposal to authorise the Executive Board to purchase the Company's own shares. The proposal to reappoint Ernst & Young Accountants LLP as Vastned's external auditor for a term of four financial years was adopted.

The Supervisory Board and the Executive Board took note of these voting results during the Annual General Meeting. In response, as usual, a dialogue was entered into with shareholders. The Executive Board and Supervisory Board will take these outcomes into account when preparing for the Annual General Meeting of 15 April 2021.

Organisation and financing

As in previous years, several non-strategic assets were divested in 2020. Various processes in the area of organisation were optimised. Thanks to the application of the recently implemented property management system Yardi and some other improvements in automation and efficiency, cost savings were realised within an efficient organisation. The financing of the company was also optimised: the financing position was strengthened by entering into a new € 40 million Green Revolving Credit Facility (RCF). Furthermore, at 43.0%, the loan-to-value ratio remained within the desired range in 2020 and the average interest rate fell from 2.22% in 2019 to 1.99% in 2020. The average duration of long-term loan capital decreased from 4.9 years as at 31 December 2019 to 3.9 years as at 31 December 2020.

The Supervisory Board is satisfied with the results achieved in the area of Integrated Reporting, as also demonstrated in the present annual report 2020, 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, succession planning, and the risk and control framework.

Departure of CEO Taco de Groot

In early September 2020, the Supervisory Board announced that it had reached the conclusion, together with CEO Taco de Groot, that Mr De Groot would step down as CEO as of 1 December 2020. Partly due to the views of a major shareholder, Taco de Groot took the initiative to inform the Supervisory Board that he was considering his position, in the interests of the continuity of the company and all its stakeholders.

Over the past nine years, Vastned has realised its transition to a high street property fund under the leadership of CEO Taco de Groot. Thanks to De Groot, Vastned has been transformed into a retail property fund focusing on the best properties in the historic city centres of some of the most loved European cities. This transformation concerned both the portfolio and the organisation, including the company's financial reporting and processes. With a strategy focusing on improving the quality of the property portfolio, Vastned has succeeded in achieving both stable and predictable long-term results. The outbreak of COVID-19 accelerated changes and developments in the retail landscape that Vastned has been anticipating since 2011. Vastned therefore decided in May 2020 to bring forward the strategy update and to announce it at the publication of the 2020 annual results. With these developments, the company has entered a new phase.

The Supervisory Board is very grateful to Taco de Groot for the crucial role he has played in transforming Vastned into a retail property fund with a focus on the best properties in the historic city centres of some of Europe's most popular cities.

A new phase for Vastned

Strategy update

As indicated above, the pandemic has accelerated the changes already under way in the retail landscape. These developments also increased the need for both retailers and Vastned to adapt to the changing circumstances. During various meetings last year, the Supervisory Board discussed these developments with the Executive Board and identified various opportunities to create value, both now and in the future. Strategic options were examined from various angles by the Executive Board and assessed for value using scenario calculations. The Supervisory Board found that the Executive Board conducted the process leading up to the strategy update in a sound and substantiated manner. The Supervisory Board supports the strategic choices made by the Executive Board and is motivated to continue to contribute in 2021 based on its role to the creation of long-term value for all stakeholders involved in the company.

Nomination Reinier Walta

In view of the new phase in which Vastned now finds itself and the qualities and experience Reinier Walta has gained as an Executive Board member from November 2014 to date, the Supervisory Board considers it desirable and opportune to nominate Mr Walta for appointment as Managing Director of Vastned at the forthcoming Annual General Meeting of Shareholders on 15 April 2021. The Supervisory Board considers Reinier's knowledge of property and financial transactions gained during this period and his earlier career in various managerial positions at home and abroad a valuable mix of required competences for Vastned. The Supervisory Board warmly recommends that Mr Walta take up the position of Managing Director of Vastned in the coming period.

Succession

After the Annual General Meeting to be held on 15 April 2021, Charlotte Insinger will step down as a member of the Supervisory Board. As part of the succession planning, the Supervisory Board will nominate a new member to the Annual General Meeting. This person will qualify as a financial expert within the meaning of the Code. If the proposal is approved by the Annual General Meeting of shareholders, this new member will assume the role of chairman of the audit and compliance committee.

Ongoing focus on long-term value creation

Long-term value creation is fully embedded in Vastned's company culture: the executive 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.

Members and attendance

Supervisory Board meetings 2020	Regular: 6	Ad hoc: 21
Marc C. van Gelder c)	6/6	21/21
Charlotte M. Insinger	6/6	21/21
Jaap G. Blokhuis	6/6	20/21
Marieke Bax 1)	3/3	9/13

c) Chair.
1) Retired in accordance with retirement roster on 25 June 2020.

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

Highlights 2020

- Solid results despite COVID-19 challenges: evidence of high-quality portfolio
- Progress on objectives of 2020-2022 business plan, also in light of COVID-19
- Preparations for strategy update
- Good liquidity position thanks to new Green RCF
- Cost savings through automation and organisational improvement
- Integrated reporting
- Further implementation of sustainability policy

Priorities for 2021

- Monitoring implementation of 2021-2023 business plan and strategy update
- Appointment of Reinier Walta as Managing Director and nomination of new member of the Supervisory Board
- Ongoing promotion of long-term value creation, focus on cost control
- Adjustment of Remuneration Policy to comply with new legislation to implement the Shareholders' Rights Directive
- Further improvement of 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 2020, the Supervisory Board met 27 times in total.

During the regular meetings (six in 2020), 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.

In addition to the regular meetings of the Supervisory Board, there were also frequent ad hoc meetings (21 in 2020, with or without the Executive Board present) and frequent consultations between individual members of the Supervisory Board and the members of the Executive Board. The Executive Board and the chairman of the Supervisory Board discussed current events (including the consequences for the company of developments relating to the pandemic and the government measures that were in force) and the general state of affairs within the company on an ongoing basis and held frequent and intensive consultations.

The Supervisory Board advised and supported the Executive Board in its choice, fleshing out and working out of the strategic update.

The chairman of the audit and compliance committee also had extensive contact with the CFO.

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, despite the challenging circumstances due to the COVID-19 pandemic, the Executive Board achieved relatively good results in the implementation of the 2020-2022 business plan.

Progress was also made on entrepreneurship and raising the quality in the organisation, inter alia by ongoing automation in the form of the use of a new property management system (Yardi) in the countries where Vastned is active, implementing personnel changes and encouraging personal development through education and training, and promoting internal knowledge sharing, also between the teams in the various countries where Vastned has operations.

Evaluation of Executive Board (Reinier Walta)

In December 2020, the Supervisory Board carried out an extensive evaluation based on 360-degree feedback from investors, analysts, staff, members of the Management Team and country managers. The positive outcome of this evaluation, as well as the evaluations from previous years, contributed to the Supervisory Board's decision to nominate Mr Walta for appointment as Managing Director of Vastned at the upcoming Annual General Meeting of shareholders on 15 April 2021.

Annual figures 2019 and management letter 2020

During 2020 the results of the 2019 financial year and the 2019 financial statements were discussed. At the end of 2020, EY's management letter for 2020 was discussed with the Supervisory Board. No issues were raised in the management letter that warrant mention in this report.

Changes to the composition of the Executive Board and Supervisory Board

As of 1 December 2020, Reinier Walta has held the position of CEO on an interim basis following the departure of Taco de Groot. In 2020, there were no (re)appointments to the Executive Board and/or the Supervisory Board. The vacancy that arose within the Supervisory Board after the departure of Ms Bax will not be filled (for the time being), so that the Supervisory Board will consist of three members for the time being.

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 has been regularly updated since. In 2020, the risk and control framework was again updated and revised as a result of the risk analysis carried out. 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

On 25 June 2020, the Annual General Meeting resolved to (retrospectively) reappoint Ernst & Young Accountants LLP ('EY') as of 1 January 2020 as the external auditor for a term of four financial years. 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 EY was satisfactory during the 2020 financial year. Due to internal professional rules, the responsible partner within EY will be rotated according to schedule in 2021.

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. At each update meeting concerning the COVID-19 situation, an overview was also provided of relevant matters/developments in the peer group to which Vastned belongs.

Relationship with shareholders

The Supervisory Board believes that contacts 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 constraints 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.

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 2020, 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 on topics such as property valuation (and the impact of COVID-19), corporate governance, risk management and reporting/compliance.

Self-evaluation by the Supervisory Board

The Supervisory Board annually conducts an in-depth evaluation of its own performance; every three years (most recently in 2019) an external party is brought in to do so.

During the self-evaluation in 2020, some themes and topics were discussed and explored in depth (including the importance of effective communication and adequate mutual information exchange). The events of the past year and the role played by the Supervisory Board in relation to various stakeholders were reflected upon. Furthermore, follow-up meetings were planned to apply the findings to the (working methods of) the Supervisory Board also in the longer term. In this, both the internal relations within the body itself and the relationship with the Executive Board and other relevant stakeholders were addressed. The more compact size of the Supervisory Board (three members instead of four) was seen as beneficial for the dynamics within the Board and, in the opinion of the members, enhanced its decisiveness and communication ('more direct communication').

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 2020	Regular: 4	Ad hoc: 1
Charlotte M. Insinger c)	4/4	1/1
Jaap G. Blokhuis	4/4	1/1

c) Chair.

As of 31 December 2020, 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 2020

- Integrated reporting
- Monitoring of CSR objectives
- Monitoring of risk and control framework
- Monitoring of impact of IFRS revisions
- Monitoring of follow-up actions after Yardi implementation

Priorities for 2021

- Monitoring of risk and control framework
- Evaluation of internal audit plan for 2021 and drafting of Internal audit plan for 2022
- 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 annual accounts and the consolidated annual accounts
- The company's risk management system; and
- Compliance with laws and regulations and the functioning of the 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 evaluated. The regulations of the audit and compliance committee may be downloaded from Vastned's website.

www.vastned.com/regulations_ac

Explanation of meeting topics and other information

The audit and compliance committee met five times in 2020, one of which under the chairmanship of an external specialist. This thematic meeting was focused on risk appetite.

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 2019 annual accounts;
- The (interim) financial reporting for the 2020 financial year;
- Various developments within IFRS (including the impact of IFRS 9, IFRS 15 and IFRS 16);
- Letting risks;
- Financing, interest management and liquidity of the company;
- Insurance matters;
- Calamities and liability risks;
- The company's tax and legal position;
- Internal control and administrative organisation;
- Integrity, publicity risks and shareholder requests;
- Compliance;
- IT risks;
- Compliance with other relevant legislation 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 Executive Board; 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 2020, BDO issued various reports on the following subjects: (i) Treasury; (ii) Human Resources in the Netherlands and France; (iii) the maintenance process and the external executive party Property View; (iv) the implementation of GDPR in France. 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 2021 and approved by the Supervisory Board.

Report of the remuneration and nomination committee

Members and attendance

R&N meetings 2020	Regular: 3	Ad hoc: 2
Jaap G. Blokhuis c) *	3/3	2/2
Marc C. van Gelder	3/3	2/2
Marieke Bax c) **	0/1	0/1

c) * Chairman as of 25 June 2020.
c) ** Chairman until 25 June 2020.

The remuneration and nomination committee has two members. Until 25 June 2020, Marieke Bax fulfilled the role of chair. Her successor Jaap Blokhuis attended all meetings of the remuneration and nomination committee in 2020, partly as part of his induction period. Marc van Gelder was also present at all meetings in 2020 as a member of this committee.

The Company Secretary took minutes during the meetings of the remuneration and nomination committee.

Highlights 2020

- Stepping down of CEO Taco de Groot as of 1 December 2020, CFO Reinier Walta interim CEO since then (combined role)
- Further preparation for implementation of amended Shareholders' Rights Directive
- Proposal for new Remuneration Policy for the Executive Board and Supervisory Board not adopted by AGM with required majority of 75%, existing Remuneration Policy for the Executive Board remains in full force
- Extra attention to staff welfare because of consequences of pandemic COVID-19
- Monitoring new HR employee appraisal system
- Monitoring Business Health Test as part of LTI
- Execution of 360-degree evaluation of Executive Board
- Voluntary 15% reduction of fixed remuneration of Executive Board and Supervisory Board from May 2020 until the end of 2020 due to social impact COVID-19
- Executive Board waived entitlement based on STI 2020 due to social impact COVID-19
- Determination of STI for 2019 and LTI for the period 2017-2019

Priorities for 2021

- Succession planning for Executive Board and Supervisory Board
- Adjustment of Remuneration Policy to comply with new legislation to implement the Shareholders' Rights Directive
- Monitoring development of impact of COVID-19 in connection with Business health test
- Overseeing implementation Executive Committee and proper checks and balances
- Execution of 360-degree evaluation of Executive Board

Duties

The duties of the remuneration and nomination committee include:

- Preparation of the decision-making process for recruitment and selection, including drawing up selection and appointment criteria;
- Periodic evaluation of the Executive Board and Supervisory Board;
- Periodic assessment of the size of the Supervisory Board;
- Preparation of the decision-making process for the remuneration policy for the Executive Board and Supervisory Board; and
- Preparation of the annual accounting for the remuneration policy conducted in the remuneration report and its submission 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

Explanation of meeting topics and other information

The remuneration and nomination committee met five times in 2020, three of which were regular meetings. The committee also consulted regularly outside meetings, and in late 2020 it carried out an extensive evaluation of the Executive Board (Reinier Walta) based on feedback gained in 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 proposed to the Annual General Meeting on 15 April 2021. At the Annual General Meeting of 25 June 2020, this proposal was not adopted with the required majority of at least 75%. Since then, consultations have been held with various shareholders. The proposal will be put on the agenda again at the Annual General Meeting of 15 April 2021.

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 the remuneration policy for the Executive Board;
- Monitoring applicable laws or regulations (including the Code) and, if necessary, translating changes in this respect to the remuneration and nomination of the Executive Board and Supervisory Board;
- Setting the targets for the Executive Board's short-term variable remuneration for 2021.

Profile of the Supervisory Board and diversity

The profiles of both the Executive Board and the Supervisory Board ensure that both bodies are properly composed. The full text of both profiles is available on Vastned's website. On pages 208 and 210 of the annual report the personal details of each of the members of the Executive Board and 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 significantly to the effective functioning of these bodies.

Diversity

Vastned aims for diversity within the company in the broadest sense. 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.

Vastned aims for the Executive Board, the Supervisory Board and the Management Team each to consist of at least 30% women and at least 30% men. At year-end 2020, the Supervisory Board was 33% female, which is in accordance with the objectives. The Management Team, which at the end of 2020 consists of 40% women and 60% men, also has the desired balance. At the end of 2020, the sole statutory director was male.

As of 1 March 2021, an Executive Committee will be set up that will take over the role of the current Management Team. The Executive Committee will support the Executive Board in managing the company and the business associated with it.

When making new appointments, the desired mixed composition of the Executive Board, Supervisory Board and Executive Committee will be taken into account.

The diversity profile for the Supervisory Board including specific expertise is listed 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			
Jaap G. Blokhuis	1958	M	X	X	X	X			
Marieke Bax 1)	1961	V	X	X		X	X	X	

1) Retired in accordance with retirement roster on 25 June 2020.

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

www.vastned.com/regulations_and_codes

Remuneration report

The 2020 remuneration report for the Executive Board and the Supervisory Board is included on page 88 and following of the annual report, and may also be downloaded from the company's website.

www.vastned.com/remuneration_report

The remuneration report for 2020 will be submitted to the Annual General Meeting on 15 April 2021 for an advisory vote.

Financial statements 2020 and dividend

Financial statements

The Supervisory Board is pleased to present the annual report of Vastned Retail N.V. for the 2020 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 15 April 2021:

1) To adopt the financial statements for the financial year 2020 in the form as presented in accordance with Article 26 of the company's Articles of Association;
2) To discharge the members of the Executive Board from liability for the performance of their duties in the financial year 2020;
3) To discharge the members of the Supervisory Board from liability for the performance of their duties in the financial year 2020.

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. In connection with the situation regarding the COVID-19 virus, an interim dividend amounting to 60% of the direct result per share for the first half of the year was waived in 2020.

Dividend proposal

The Supervisory Board is in agreement with the Executive Board's proposal to distribute a dividend for the 2020 financial year of € 1.73 per share in cash.

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 and efforts in the past exceptional reporting year.

Amsterdam, 10 February 2021

The Supervisory Board of Vastned Retail N.V.

Marc C. van Gelder, Chairman
Charlotte M. Insinger
Jaap G. Blokhuis

Remuneration report 2020

5

Remuneration report 2020

This remuneration report 2020 is comprised of two parts. The first part contains information on the remuneration awarded to the members of the Executive Board in 2020. The second part contains information on the remuneration awarded to the members of the Supervisory Board in 2020.

The advisory vote of the Annual General Meeting of 25 June 2020 on the 2019 Remuneration Report was negative. This negative advisory vote did not affect the remuneration paid to the members of the Executive Board for the 2019 financial year. In spite of this, the Executive Board and the Supervisory Board took note of this vote as a clear signal and as a result entered into a dialogue with (interest groups of) shareholders. The findings of these discussions have been included in the decision-making process. Based on these discussions, the structure of this Remuneration Report 2020 has been improved, including the addition of a schematic overview that clearly shows the system and objectives of the realised variable remuneration for 2020. Additional explanations are also provided on the proposed simplified new remuneration system for the Supervisory Board.

In view of the situation surrounding COVID-19, the members of the Executive Board and Supervisory Board decided on their own initiative in mid-2020 to waive 15% of the fixed remuneration or fee for the months of May to December 2020. The Executive Board also waived its claims under the Short-Term Incentive (STI) for 2020. In addition, due to the impact of COVID-19 on society, payment under the Business Health test for the variable long-term remuneration ('Long Term Incentive' or 'LTI') covering the period 2018-2020 was also waived.

A proposal to adopt a (new) Remuneration Policy for both the Executive Board and the Supervisory Board was also submitted to the Annual General Meeting. These proposals were made in order to comply with the implementation legislation of the Shareholders' Rights Directive, which came into force on 1 December 2019 and contains provisions regarding the remuneration of both the Executive Board and the Supervisory Board. The proposals made included a simplification of the remuneration system for the Supervisory Board, which explicitly did not involve any change in the total remuneration per member of the Supervisory Board. Some technical amendments were also proposed to the existing Remuneration Policy for the Executive Board, which did not change the remuneration for the Executive Board either. Neither proposal obtained the required majority of at least 75% of the votes cast.

At the next Annual General Meeting to be held on 15 April 2021, proposals will again be submitted for the amendment or adoption of a (new) Remuneration Policy for the Executive Board and Supervisory Board in order to comply with the Shareholders' Rights Directive, once again emphasising that the amendments only concern a simplification of the remuneration system for the Supervisory Board, and not an increase. Each member of the Supervisory Board will receive the same total remuneration in 2021 as under the current system; the proposed changes are merely a simplification of the system. In short: simpler, in line with the smaller composition of the Supervisory Board (three instead of four members).

Remuneration of the Executive Board

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 section Long-term value creation in the 2020 annual report).

In the Remuneration Policy furthermore account was taken 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 a 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, with due observance of the business' necessary competitiveness. The principle in 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 members of the Executive Board on their own remuneration and the Remuneration Policy were also weighed.

Employment agreements of the Executive Board

Duration of the agreement

Reinier Walta was appointed as a statutory director of Vastned for a four-year term by the Annual General Meeting of 19 April 2018. Since 1 December 2020, Reinier Walta has also held the position of interim CEO, in addition to his duties as CFO.

Taco T.J. de Groot was appointed for a four-year term by the Annual General Meeting of 18 April 2019. In mid-2020, Mr De Groot took the initiative to inform the Supervisory Board that he was considering his position as CEO to enable Vastned to enter a new phase. On the initiative of the Supervisory Board, it was then decided on 1 September 2020 to terminate his employment contract as of 1 April 2021, with due observance of the contractually agreed six-month notice period. In accordance with the employment contract and the Remuneration Policy, the resulting dismissal payment is maximised at twelve months, which Taco de Groot will receive in full. Taco de Groot officially resigned his statutory positions within the company as of 30 November 2020 in order to make room for the new strategy update.

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.

Employment contracts for members of the Executive Board comply with the Dutch Corporate Governance 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 2020

At year-end 2020, Mr Walta had built up a Vastned shareholding of 2,000 shares at his own cost. At a closing price of € 23.15, this is 14.38% of his fixed remuneration as at 31 December 2020. Therefore, Reinier Walta does not yet meet the minimum shareholding requirement. In strict compliance with the Regulation Private Investment Transactions, Reinier Walta did not purchase or sell any Vastned shares during 2020. Following the announcement of the strategic update in February 2021, Reinier Walta will use the LTI paid out in 2019 to purchase shares in Vastned.

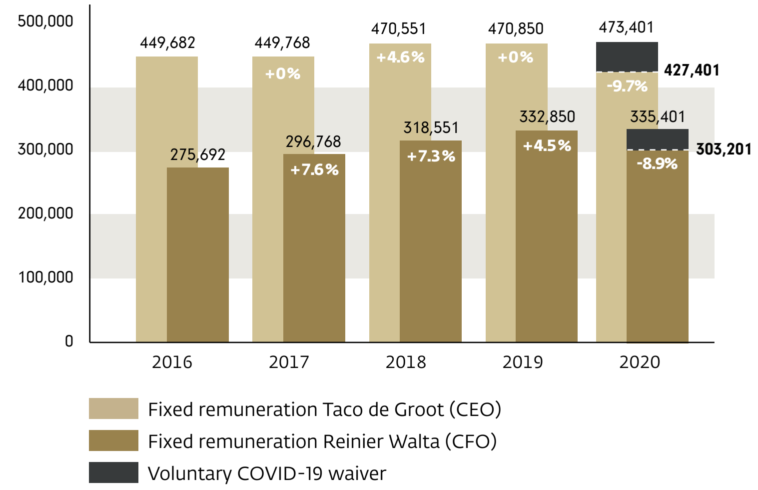
Fixed remuneration

The fixed remuneration of Taco de Groot (CEO) in 2020 was € 460,000 and the fixed remuneration of Reinier Walta (CFO) was € 322,000.

Adjustment in connection with COVID-19

Due to the exceptional circumstances regarding the COVID-19 virus, the members of the Executive Board voluntarily waived 15% of the fixed remuneration component for the months of May to December 2020. The following diagram shows the fixed remuneration [1] of the members of the Executive Board in the period 2016-2020, including the annual relative changes. For 2020, the diagram shows both the fixed remuneration without the voluntary waiver and the remuneration actually paid including the voluntary 15% waiver in connection with COVID-19.

1) Including social security contributions (€) and excluding dismissal payments to CEO.



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’ defined by the company. Vastned has elected to compare the remuneration of the (then) CEO Taco de Groot for the whole of 2020 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 2020 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 (then) CEO’s remuneration as presented in the diagram on page 94 and that of an average employee for the 2020 tax year was 5.03:1 (2019: 6.30: 1; 2018: 7.22: 1). This decrease is due to the 15% COVID-19 reduction on the directors’ fixed remuneration for the months of May to December 2020, the voluntary waiver of STI entitlements by the directors as well as the payment of a lower long-term variable remuneration to the directors of the company compared to previous years.

Variable remuneration

The Remuneration Policy states that the total variable remuneration is limited to 100% of the fixed remuneration. The variable remuneration is comprised of 40% short-term variable remuneration (‘STI’) and 60% long-term variable remuneration (‘LTI’).

Short-Term Incentives (STI)

No payout due to COVID-19

Due to the outbreak and spreading of the COVID-19 virus, the Executive Board announced on 28 July 2020 it would voluntarily waive any STI entitlement for 2020. Therefore, the STI payment for the members of the Executive Board for 2020 was nil. The targets referred to aspects such as the portfolio occupancy rate, the loan-to-value ratio, like-for-like rental growth and long-term value creation in determining the company’s strategy.

Long-Term Incentives (LTI) 2018-2020

The LTI can range from 0% to a maximum of 60% of the fixed remuneration, and in each year covers a three-year period. The 2020 LTI covers the period 2018-2020.
The LTI scheme has the following three elements:

- A Relative Total Shareholder Return (RTSR) test (40%) 1);
- An Absolute Total Shareholder Return (ATSR) test (30%) 2);
- A Business Health test (30%) 3).

1) 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 third based on the figures at year-end 2020, so 72% is awarded based on the RTSR test. As a result, 72% * 40% = 28.8% of the RTSR-based LTI is payable (equal to 28.8% (based on the RTSR test) * 60% (weight of LTI in total calculation) = 17.28% of the annual salary).
2) 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 2020, the total shareholder return for the period 1 January 2018 up to and including 31 December 2020 was -29.74%. Since at the reference date, the ATSR for the period 1 January 2018 up to and including 31 December 2020 was not above 10% at year-end 2019, 0% LTI is payable based on the ATSR test.
3) The Business Health test determines 30% of the total LTI. For a description of the test we refer to Paragraph 4.3.2.4 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. 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, the tone at the top (important also 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 interim CEO the remuneration and nomination committee took note of his views on the level and structure of his own remuneration, whereby attention was given to Vastned’s remuneration system and the level of the fixed and variable remuneration components, the situation with COVID-19 and its impact on society in 2020, 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 Reinier Walta, both for his performance as CFO during 2020 and in his role as interim CEO. The positive outcome of this evaluation, as well as the evaluations from previous years, contributed to the Supervisory Board’s decision to nominate Mr Walta for appointment as Managing Director of Vastned at the upcoming Annual General Meeting of shareholders on 15 April 2021.

No Business Health test payment in connection with COVID-19

Notwithstanding the positive evaluation and high scores achieved in the Business Health test in the period 2018-2020, in connection with the situation surrounding COVID-19 and the related social consequences, it was decided to waive any payment based on the Business Health test for the last reporting year of the period 2018-2020.

Schematically, the structure of the Executive Board’s LTI for the period 2018-2020 can be represented as follows:

#	Test	Realisation test	LTI award %	LTI award absolute (CEO)	LTI award absolute (CFO)	Comments
1	Relative Total Shareholder Return test (‘RTSR’)	3	40% van 72% = 28.8%	€ 72,864	€ 55,642	Vastned finished in 3rd position within the reference group
2	Absolute Total Shareholder Return test (‘ATSR’)	-29.75%	0%	€ 0	€ 0	No payment because the minimum was not achieved
3	Business Health test	-	0%	€ 0	€ 0	No payment because of COVID-19 situation
Total			**28.8%**	**€ 72,864**	**€ 55,642**	

Reinier Walta’s maximum LTI over the performance period 2018-2020 was 60% of € 322,000 (of which € 55,642 was realised). Taco de Groot’s maximum LTI over the performance period 2018-2020 for was 60% of € 421,666 (11/12th part of € 460,000), of which € 72,864 was realised.

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

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 defined contribution scheme as of 1 January 2020 and Taco De Groot’s was a defined benefit scheme. Based on the Pension Agreement, the expected retirement age for Reinier Walta is 68 years and three months.

Pension compensation

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 is compensated for this adjustment up to the level of the pension contribution which Vastned no longer has to pay in. The same arrangement has been agreed with other Vastned employees.

The pension contribution for Reinier Walta in 2020 was € 25,813 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 € 28,927 in 2020. 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 at Vastned is also limited. The Vastned pension scheme in which the CFO participates also includes an invalidity pension.

Loans

Vastned did not provide any loans or guarantees to members of the Executive Board in 2020.

1) As at 1 January 2020: € 110,111

Total remuneration

Overview of total remuneration paid to the Executive Board
The table below presents the remuneration awarded to the Executive Board in 2020 (€):

	Fixed remuneration	COVID-19 waiver [1]	Social security contributions	Pension [2]	Other benefits [3]	STI [4]	LTI [5]	Total
Reinier Walta	326,000 [6]	(32,200)	13,401	60,634	24,580	-	55,642	448,057
Taco T.J. de Groot	1,073,333 [7]	(46,000)	17,201	104,267	48,817	-	72,864	1,270,483
Totals	**1,399,333**	**(78,200)**	**30,602**	**164,901**	**73,398**	**-**	**128,506**	**1,718,540**

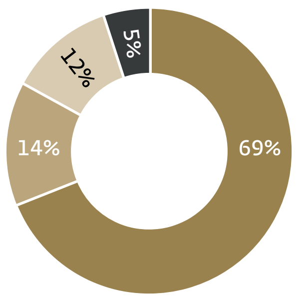
1) 15% voluntary waiver over the months of May to December 2020 in connection with COVID-19.
2) Including WIA top-up premiums.
3) Concerns expenses relating to company car.
4) In connection with COVID-19, the Executive Board has voluntarily waived entitlements based on STI for the 2020 financial year.
5) The LTI relates to the performance period 2018-2020. In connection with COVID-19, payment based on the Business Health test for this period was waived.
6) Including € 4,000 remuneration for work as interim CEO. This temporary remuneration is not pensionable and does not count towards any variable remuneration.
7) The remuneration awarded to Taco de Groot included the fixed annual salary for 2020, a payment amounting to an annual salary of € 460,000 in connection with the termination of his employment contract as of 1 April 2021, an anniversary bonus and the fixed salary still to be paid for January to March 2021 of € 115,000.

The table below presents a proportional overview of the remuneration awarded to the Executive Board in 2020:

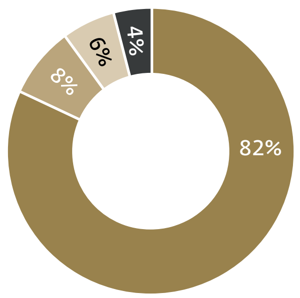
Remuneration composition (%)

- Fixed remuneration [1]
- Pension
- Other benefits
- STI (=0)
- LTI

1) After deduction of 15% voluntary waiver over the months of May to December 2020 in connection with COVID-19.



Reinier Walta



Taco T.J. de Groot

Remuneration and operating results

	2020	2019	2018	2017	2016
Operating result					
Turnover (x € 1,000)	64,916	69,288	77,060	77,480	89,469
Direct result (x € 1,000)	31,727	35,041	40,354	41,134	46,115
Average remuneration (on full-time basis) [1]					
Directors of the company (x € 1,000)	502 [2]	628	736	654	523
• CEO	585 [3]	734	879	789	649
• CFO	419	521	593	519	396
Employees of the company (x € 1,000)	108	106	110	129	112
Pay ratio [4]	4.6	5.9	6.7	5.1	4.7

1) Including social insurance contributions and pension, excluding other benefits.
2) In connection with the situation with the COVID-19 pandemic, the Executive Board has voluntarily waived claims based on STI in 2020. The LTI payment covers the period 2018-2020.
3) Calculated as if the CEO were in office throughout 2020.
4) The ratio of the average remuneration of the members of the Executive Board (calculated as if both members of the Executive Board had been in office throughout the 2020 financial year) to the average remuneration of the Vastned employees.

2. Remuneration of the Supervisory Board

A competitive compensation is awarded to the members of the Supervisory Board that does not include performance-based elements. Thus, the remuneration contributes to safeguarding independent expert supervision in the interests of the company and its long-term performance.

The total remuneration of Vastned's Supervisory Board was compared at year-end 2019 by independent consultancy Willis Towers Watson with the Employment Market Peer 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 total remuneration of the chairman and the members of the Supervisory Board were between the 25th percentile and the median of those of comparable companies.

The remuneration system for the Supervisory Board adopted by the Annual General Meeting on 20 April 2017 remained unchanged in 2020. As explained above, the proposal to adopt a Remuneration Policy for the Supervisory Board was not adopted by the Annual General Meeting in 2020. The proposed Remuneration Policy explicitly did not include an increase in the total remuneration to be received by each member, only a simplification of the remuneration system in connection with the smaller size of the Supervisory Board (three instead of four members) and to avoid double counting (e.g. in the case of a member who is both a member of the audit and compliance committee and chairman of the remuneration and nomination committee). By replacing the existing system with a simpler one in which there is only a supplement for the chairmanship of a certain committee (as a result of which the separate supplements for membership will be scrapped), account will be taken of the division of roles within the current composition (and more compact size) of the Supervisory Board.

As a result of the vote, the proposal was subsequently discussed and explained in more detail in a consultation round with some (interest groups of) shareholders. Special emphasis was again placed on the fact that the proposed amendment does not involve an increase, only a simplification of the system. The total remuneration to be received per member will remain the same in 2021 as in 2020. The system will be simpler: separate fees for committee membership will be dropped, only a committee chair will receive a supplement. The level of the total remuneration per member of the Supervisory Board will remain the same as in 2020. So only the simplicity is increased, not the total fee.

The proposal to adopt a Remuneration Policy for the Supervisory Board will be put to the vote again at the Annual General Meeting to be held on 15 April 2021. 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.

The remuneration of the Supervisory Board as at 31 December 2020 was as follows:

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

COVID-19 waiver

In view of the situation surrounding COVID-19, the members of the Executive Board and Supervisory Board decided on their own initiative in mid-2020 to waive 15% of their remuneration for the months of May to December 2020.

Overview of remuneration awarded to the Supervisory Board

The table below presents the remuneration awarded to the Executive Board in 2020 (€):

	Supervisory Board	A&C Committee	R&N Committee	Expense allowance	*Subtotal (before deduction of COVID-19 waiver [1])*	COVID-19 waiver	Total
Marc C. van Gelder [c]	48,000		4,750	1,250	*54,000*	(5,275)	48,725
Charlotte M. Insinger	36,000	7,750[v]		1,250	*45,000*	(4,375)	40,625
Marieke Bax [2]	18,000		3,375	625	*22,000*	(1,069)	20,931
Jaap G. Blokhuis	36,000	2,750[3]	3,375[v]	1,250	*43,375*	(4,244)	39,131
Total	**138,000**	**10,500**	**11,500**	**4,375**	***164,375*[4]**	**(14,963)**	**149,412**

c) Chairman.
1) In view of the situation surrounding COVID-19, the members of the Executive Board and Supervisory Board decided on their own initiative in mid-2020 to waive 15% of the fixed remuneration for the months May to December.
2) Retired in accordance with retirement roster on 25 June 2020.
3) Mr Blokhuis is a member of the audit and compliance committee and (since 25 June 2020) chairman of the remuneration and nomination committee. Under the current remuneration system, Mr Blokhuis would be entitled to supplements for both positions, which would result in a disproportionate payment compared to the other members of the Supervisory Board. In order to avoid this undesirable outcome, Mr Blokhuis voluntarily waived his entitlement to half of the supplement for his membership of the audit and compliance committee during 2020.
4) In the proposal for the adoption of a Remuneration Policy for the Supervisory Board, the supplements per member (not being the chairman) are dropped and only a supplement for the chairmanship of a committee is granted. The total remuneration per member will remain unchanged in 2021 compared to 2020.

Overview of remuneration awarded to the Supervisory Board 2016-2020

The table below presents the remuneration awarded to the Executive Board in 2016–2020 (x € 1.000)[1]:

	2020	2019	2018	2017	2016
M.C. van Gelder	48	53	53	53	43
C.M. Insinger	39	44	44	44	34
J.G. Blokhuis [2]	38	29	-	-	-
M. Bax [3]	20	43	43	43	34
J.B.J.M. Hunfeld [4]	-	12	41	41	34
W.J. Kolff [5]	-	-	-	-	12
Total	**145**	**181**	**181**	**181**	**157**

1) Excluding expense allowance.
2) Appointed as of 18 April 2019.
3) Retired in accordance with retirement roster on 25 June 2020.
4) Retired in accordance with retirement roster on 18 April 2019.
5) Retired in accordance with retirement roster on 20 April 2016.

Direct and indirect result

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Direct result

(€ thousand)

	2020	2019
Gross rental income	64,916	69,288
Other income	508	272
Net service charge expenses	(367)	(244)
Operating expenses	(8,039)	(6,289)
Net rental income	**57,018**	**63,027**
Financial income	14	18
Financial expenses	(13,127)	(14,693)
Net financing costs	**(13,113)**	**(14,675)**
General expenses	(7,418)	(8,137)
Direct result before taxes	**36,487**	**40,215**
Current income tax expense	(657)	(682)
Movement deferred tax assets and liabilities	155	591
Direct result after taxes	**35,985**	**40,124**
Direct result attributable to non-controlling interests	(4,258)	(5,083)
Direct result attributable to Vastned Retail shareholders	**31,727**	**35,041**

Indirect result

(€ thousand)

	2020	2019
Value movements in property in operation	(84,390)	(13,110)
Total value movements in property	**(84,390)**	**(13,110)**
Net result on divestments of property	1,497	332
Financial expenses	-	(221)
Value movements in financial derivatives	(2,091)	(2,953)
Reclassification of unrealised results on financial derivatives from equity	-	266
Indirect result before taxes	**(84,984)**	**(15,686)**
Movement deferred tax assets and liabilities	4,707	(513)
Indirect result after taxes	**(80,277)**	**(16,199)**
Indirect result attributable to non-controlling interests	7,210	3,593
Indirect investment result attributable to Vastned Retail shareholders	**(73,067)**	**(12,606)**
Direct result attributable to Vastned Retail shareholders	**31,727**	**35,041**
Indirect investment result attributable to Vastned Retail shareholders	**(73,067)**	**(12,606)**
Result attributable to Vastned Retail shareholders	**(41,340)**	**22,435**

Per share (€)

Direct investment result attributable to Vastned Retail shareholders	1.85	2.03
Indirect investment result attributable to Vastned Retail shareholders	(4.26)	(0.73)
	(2.41)	**1.30**

The direct result attributable to Vastned Retail shareholders consists of net rental income less net financing costs (excluding value movements in 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 in 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 2020

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Consolidated profit and loss account

(€ thousand)

Net income from property	Note	2020	2019
Gross rental income	4, 24	64,916	69,288
Other income	4	508	272
Net service charge expenses	4	(367)	(244)
Operating expenses	4	(8,039)	(6,289)
Net rental income		**57,018**	**63,027**
Value movements in property in operation	5	(84,390)	(13,110)
Total value movements in property		**(84,390)**	**(13,110)**
Net result on divestments of property	6	1,497	332
Total net income from property		**(25,875)**	**50,249**

Expenditure	Note	2020	2019
Financial income	7	14	18
Financial expenses	7	(13,127)	(14,914)
Value movements in financial derivatives	7	(2,091)	(2,953)
Reclassification of unrealised results on financial derivatives from equity	7	-	266
Net financing costs		**(15,204)**	**(17,583)**
General expenses	8	(7,418)	(8,137)
Total expenditure		**(22,622)**	**(25,720)**
Result before taxes		**(48,497)**	**24,529**
Current income tax expense	9	(657)	(682)
Movement deferred tax assets and liabilities	9, 18	4,862	78
Total income tax		**4,205**	**(604)**
Result after taxes		**(44,292)**	**23,925**
Result attributable to Vastned Retail shareholders		(41,340)	22,435
Result attributable to non-controlling interests	27	(2,952)	1,490
		(44,292)	**23,925**

Per share (€)	Note	2020	2019
Result	10	(2.41)	1.30
Diluted result	10	(2.41)	1.30

Consolidated statement of comprehensive income

(€ thousand)

	Note	2020	2019
Result after taxes		(44,292)	23,925
Items not reclassified to the profit and loss account			
Remeasurement of defined benefit obligation	19	(620)	(974)
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)
Taxes on items that have been or could be reclassified to the profit and loss account		-	-
Other comprehensive income after taxes		**(620)**	**(1,241)**
Total comprehensive result		**(44,912)**	**(1,241)**
Attributable to:			
Vastned Retail shareholders		(41,960)	21,194
Non-controlling interests		(2,952)	1,490
		(44,912)	**22,684**

Consolidated balance sheet as at 31 December

(€ thousand)

Assets

Assets	Note	2020	2019
Property in operation	13	1,469,548	1,568,461
Accrued assets in respect of lease incentives	13	5,597	4,721
Total property		**1,475,145**	**1,573,182**
Intangible fixed assets		500	474
Tangible fixed assets		877	1,038
Rights-of-use assets		395	633
Total fixed assets		**1,476,917**	**1,575,327**
Assets held for sale	14	7,410	1,575
Debtors and other receivables	15, 22	17,302	9,204
Income tax		-	37
Cash and cash equivalents	16	876	961
Total current assets		**25,588**	**11,777**
Total assets		**1,502,505**	**1,587,104**

Equity and liabilities

Equity and liabilities	Note	2020	2019
Paid-up and called-up capital	17	95,183	95,183
Share premium reserve		468,555	468,555
Other reserves		214,797	207,561
Result attributable to Vastned Retail shareholders	10	(41,340)	22,435
Equity Vastned Retail shareholders		**737,195**	**793,734**
Equity non-controlling interests	27	81,098	89,132
Total equity		**818,293**	**882,866**
Deferred tax liabilities	18	10,688	15,550
Provisions in respect of employee benefits	19	6,407	6,092
Long-term interest-bearing loans	20	624,793	580,427
Long-term lease liabilities	20, 24	3,384	3,698
Financial derivatives	22	4,769	2,678
Guarantee deposits and other long-term liabilities		3,943	3,638
Total long-term liabilities		**653,984**	**612,083**
Payable to banks	20	8,547	8,283
Redemption of long-term interest-bearing loans	20	-	62,470
Short-term lease liabilities	20, 24	272	320
Income tax		398	526
Other liabilities and accruals	21	21,011	20,556
Total short-term liabilities		**30,228**	**92,155**
Total equity and liabilities		**1,502,505**	**1,587,104**

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 2019	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	-	-	-	-
Share buyback	-	-	-	(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**
Result	-	-	-	-	(41,340)	(41,340)	(2,952)	(44,292)
Other comprehensive income	-	-	-	(620)	-	(620)	-	(620)
Comprehensive income	**-**	**-**	**-**	**(620)**	**(41,340)**	**(41,960)**	**(2,952)**	**(44,912)**
Final dividend for previous financial year in cash	-	-	-	-	(14,579)	(14,579)	(5,082)	(19,661)
Interim dividend 2020 in cash	-	-	-	-	-	-	-	-
Contribution from profit appropriation	-	-	-	7,856	(7,856)	-	-	-
Balance as at 31 December 2020	**95,183**	**468,555**	**-**	**214,797**	**(41,340)**	**737,195**	**81,098**	**818,293**

Consolidated cash flow statement

(€ thousand)

Cash flow from operating activities	Note	2020	2019
Result after taxes		(44,292)	23,925
Adjustments for:			
Value movements in property	5	84,390	13,110
Net result on divestments of property	6	(1,497)	(332)
Net financing costs	7	15,204	17,583
Income tax	9	(4,205)	604
Cash flow from operating activities before changes in working capital and provisions		**49,600**	**54,890**
Movement in current assets		(7,880)	(886)
Movement in short-term liabilities		1,208	(1,399)
Movement in provisions		(394)	(360)
		42,534	**52,245**
Interest received		14	18
Interest paid		(13,229)	(13,829)
Income tax paid		(748)	(236)
Cash flow from operating activities		**28,571**	**38,198**
Cash flow from investing activities			
Property acquisitions		-	(13,749)
Capital expenditure on property		(3,134)	(2,679)
Divestments of property		12,366	12,464
Cash flow from property		**9,232**	**(3,964)**
Movement in other fixed assets		136	(398)
Cash flow from investing activities		**9,368**	**(4,362)**
Cash flow from financing activities			
Buyback of shares	17	-	(24,920)
Dividend paid	11	(14,579)	(32,932)
Dividend paid to non-controlling interests	27	(5,082)	(4,995)
Interest-bearing loans drawn down	20	44,203	169,038
Interest-bearing loans redeemed	20	(62,871)	(135,438)
Settlement of interest rate derivatives		-	(5,306)
Movements in guarantee deposits and other long-term liabilities		305	132
Cash flow from financing activities		**(38,024)**	**(34,421)**
Net increase/(decrease) in cash and cash equivalents		**(85)**	**(585)**
Cash and cash equivalents as at 1 January	16	961	1.546
Cash and cash equivalents as at 31 December		**876**	**961**

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 European listed property company (Euronext Amsterdam: VASTN) focusing on the best property on the popular high streets of selected European cities with a historic city centre, where shopping, living, working and leisure converge. Vastned's property clusters have a strong tenant mix of international and national retailers, hospitality businesses, residential tenants and office tenants. 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 01 January 2020.

New or amended standards and interpretations that became effective on 1 January 2020

The amended standards and interpretations that came into effect in 2020 are listed below.

- **Amendments to IAS 1 and IAS 8: Definition of Material**
  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 amendments do not affect 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**
  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.

- **Amendments to IAS 3: Definition of a Business**
  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; 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.

- **Amendments to IFRS 16 Leases: COVID 19-Related Rent Concessions** (effective as of 1 June 2020 for financial years starting on or after 1 January 2020)
  This amendment concerns a temporary integration into the standard of a 'COVID-19 practical expedient' that makes it easier for lessees to account for COVID-19 related rent concessions. The intention of the amendment is to temporarily relieve lessees in the application of IFRS 16 with COVID-19-related rent concessions by exempting lessees from the consideration to verify whether certain COVID-19-related rent concessions are lease modifications, so that they can recognise these changes as if they are not lease modifications. The amendment may be relevant for future concessions which the Group may enjoy and in that case will be applied by the Group, whereby the amendment is expected to have an effect that is very limited in scope on the financial results and/or the position of the Group, and on 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 2021 and are not yet being applied by the Group

On the date of adoption of these financial statements there were no new and/or amended IFRS standards that had been adopted but are not yet effective, which have not yet been applied by the Group.

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 2023)
- **Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework**
  (if adopted, effective for financial years starting on or after 1 January 2022)
- **Amendments to IFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9**
  (if adopted, effective for financial years starting on or after 1 January 2021)
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2**
  (if adopted, effective for financial years starting on or after 1 January 2021)
- **Amendments to IFRS 17 Insurance Contracts**
  (if adopted, effective for financial years starting on or after 1 January 2023)
- **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current**
  (if adopted, effective for financial years starting on or after 1 January 2023)
- **Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use**
  (if adopted, effective for financial years starting on or after 1 January 2022)
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract**
  (if adopted, effective for financial years starting on or after 1 January 2022)
- **Improvements to IFRS Standards 2018-2020**
  (if adopted, effective for financial years starting on or after 1 January 2022)

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.

2.2 Principles applied in the presentation 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 otherwise. 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 who are prepared to enter into a transaction, who are independent, irrespective of whether his prices 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 actor would take account of these characteristics 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 which 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 made the following judgements that have the most significant impact on the figures in the consolidated financial statements. For (more) specific explanations per balance sheet item and of items in the profit and loss account, reference is made to the general principles and notes to these items and to *12 Fair value*.

Going concern

During the first quarter of 2020 the rapid spreading of the COVID-19 virus and its major impact on public health has caused a crisis with global implications. The property sector is also affected by this; retail property lessors are dealing with retailers and hospitality entrepreneurs who have had to close their business and/or have seen their sales fall significantly due to government measures or otherwise. This has caused the entrepreneurs acute financial problems, or is expected to happen in some time. A significant number of tenants already informed Vastned at the start of the measures taken by the government in March 2020 that they would not (be able to) pay the (full contracted) rent. This same scenario played itself out when the measures were intensified as the 'second wave' arrived. In response, Vastned has taken the approach in both cases of making individual arrangements with tenants, taking account of all relevant facts and circumstances.

The concessions that Vastned has had to make to its tenants have negatively impacted Vastned's result for 2020; however, based the forecasts and on the stress tests conducted, Vastned's management believes that in spite of the above the company's liquidity position over the next twelve months will be sufficient to continue fulfilling its obligations.

The negative impact of the crisis on the valuation of Vastned's property has remained limited due to the strategic choice for the best retail property in the most popular high streets. Partly due to this, the company continued to meet the solvency ratios agreed with its lenders. Vastned's management has no reason to believe this situation will change in the foreseeable future. In spite of the impact of COVID-19, due to the headroom the company also expect to meet the interest coverage ratios agreed with its lenders. Further information on these covenants is provided in notes 13 *Property* in operation and 22 *Financial instruments*; they also present a set of sensitivity analyses.

Based on these facts and considerations, the Executive Board concludes that there is no uncertainty about the company's future as a going concern.

Leases

- **Lease term**
  In the accounting of the lease income in the case of an operating lease, the Group considers what can be reasonable expected concerning the performance and the effect of the lease, including the most probably lease term, partly based on specifically agreed issues 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 agreements, such as whether or not the lease period 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

- **Obligations to perform and principal-agent considerations in the event of services to customers.**
  The Group provides certain services to lessees 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 are 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 *Service charges*.

In France, lessees are charged contractually agreed fees for the management of general areas of the property. The fees are related to the rent charged to lessees 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'.

- **Determining the time of sale of a property.**
  Contracts relating to the sale of property are recognised in principle at the time when control is transferred to the buyer, being the time when the property is delivered to the buyer and this party can therefore actually dispose of the property. For unconditional exchange of contracts it is generally expected that control is transferred to the buyer along with 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 at least one per year by independent certified appraisers. 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.

The COVID-19 outbreak has resulted in significantly lower levels of transaction activity and liquidity in the retail property market. As at 30 June 2020 the lack of market information for comparative purposes was such that the appraisals as at 30 June 2020 are subject to 'material valuation uncertainties' as described in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. These 'material valuation uncertainties' were withdrawn as of 31 December 2020 for most of the portfolio. Only C&W in Spain, CBRE in Belgium and C&W in Belgium have not withdrawn their 'material valuation uncertainties'. For this reason less certainty and a greater degree of caution should be attached to the valuations than would normally be the case. For further explanation, reference is made to note *13*.

Income tax
Deferred tax assets are included for unused tax losses to the extent it is probably 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 time and the level of the future taxable profits, along with future tax planning strategies. Further details on taxes are presented in *9 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 2020, 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 possibility 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 disposals 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' as 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 according to the discounted cash flow method is determined as the present value of the cash flow forecast 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:

- Properties in operation with an expected individual value exceeding € 2.5 million is appraised externally every six months.
- External appraisals of properties 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 the property in operation are entered in the profit and loss account in the period in which they occur and recognised under 'Value movements in property in operation'.

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 and intangible 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

Intangible assets mainly comprise software, whereby these assets with a limited useful life that are acquired separately, are value at cost less cumulative depreciation and any cumulative impairment losses. Depreciation is recognised straight-line over the estimated useful life. The estimated useful life and depreciation method are evaluated at the end of each reporting period, whereby the effect of any estimation change is recognised on a prospective basis. Intangible fixed assets with an indefinite useful life that are acquired separately, are valued at cost less cumulative impairment losses.

2.7 Leases

(a) The Group as lessor

The Group concludes leases for its property as a lessor. Lease contracts in which the Group is a lessor, are classified as financial or operational leases. When the conditions of the lease indicate that virtually all risks and benefits of ownership are transferred to the lessee, the contract is classified as a financial lease. All other lease contracts are classified as operational leases. The Group lets its property in the form of operational leases. Rental income from operational leases is recognised straight-line over the duration of the relevant lease. Initial direct costs incurred in the acquisition of the operational lease are added to the book value of the leased assets and recognised straight-line over the lease term as a charge. 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 and non-lease components, the Group applies IFRS 15 to allocated the fee based on the contract to each component.

The impact of the COVID-19 pandemic, including concessions granted to tenants, is accounted for in accordance with IFRS 9, with the exception of cases in which a concession qualifies as a lease modification. In that case IFRS 16 applies. The group distinguishes the following categories:

- **Waivers of past due rent**
  The waivers are charged to the gross rental income. The accounting and impact of these concessions granted is explained in note 4.

- **Expected uncollectibility of rent receivables for which no arrangements have (as yet) been made**
  For the recognition of expected credit losses using application of the simplified approach in accordance with IFRS 9, see also 2.10 *Debtors and other receivables*. The expected impact of the ongoing negotiations on receivables is recognised as an impairment and taken directly to the profit and loss account as part of the operating expenses. For further explanation, reference is made to note 15.

- **Waivers of future rent and/or waivers in combination with contract modifications**
  These concessions qualify as a lease modification under IFRS 16 and are set off in accordance with IFRS 16 straight-line over the new minimum duration of the lease and deducted from the gross rental income as explained in note 4.

Other concessions granted by Vastned to its tenants (see note *15*), with the exception of the fact that receivables related to this have been included in the calculation of the provision for expected credit losses, do not affect the accounting.

b) The Group as a lessee

At the start of a contract, the Group determines whether it is or comprises a lease contract. The Group recognises a right of use and a corresponding lease liability regarding all lease contracts in which it is a lessee, except for lease contracts with a lease term of 12 months or less and lease contracts for assets of minimal value, 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 essentially 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 note *24*.

The Group applies IAS 36 to determine whether a rights-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 for hedging 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 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. Due to the impact of the COVID-19 crisis the provision has been increased based on the status of the negotiations regarding past-due rent and the sector in which the tenants operate.

2.11 Shareholders' equity

Shares are classified as 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 preceding 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 become due.

Long-term personnel 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 costs paid.

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. The segmented information is only presented based on the countries where the properties are located. These reporting segments are consistent with the segments used in the internal reports.

3. Segmented information

	Netherlands 2020	Netherlands 2019	France 2020	France 2019	Belgium 2020	Belgium 2019	Spain 2020	Spain 2019	Total 2020	Total 2019
Net rental income	26,154	28,884	12,749	12,835	15,148	18,281	2,967	3,027	57,018	63,027
Value movements in property in operation	(41,067)	(4,605)	(10,234)	(43)	(24,251)	(10,762)	(8,838)	2,300	(84,390)	(13,110)
Net result on divestments of property	(61)	(486)	50	(40)	1,508	858	-	-	1,497	332
Total net income from property	**(14,974)**	**23,793**	**2,565**	**12,752**	**(7,595)**	**8,377**	**(5,871)**	**5,327**	**(25,875)**	**50,249**
Net financing costs									(15,204)	(17,583)
General expenses									(7,418)	(8,137)
Income tax									4,205	(604)
Result after taxes									**(44,292)**	**23,925**

Property in operation	Netherlands 2020	Netherlands 2019	France 2020	France 2019	Belgium 2020	Belgium 2019	Spain 2020	Spain 2019	Total 2020	Total 2019
Balance as at 1 January	**683,047**	**680,057**	**415,134**	**414,717**	**370,881**	**383,351**	**99,399**	**97,099**	**1,568,461**	**1,575,224**
Acquisitions	-	13,749	-	-	-	-	-	-	-	13,749
Investments	976	1,320	995	460	306	643	-	-	2,277	2,423
Transferred from Assets held for sale	1,575	-	-	-	-	-	-	-	1,575	-
Transferred to Assets held for sale	-	(3,704)	-	-	-	(1,488)	(7,410)	-	(7,410)	(5,192)
Divestments	(2,690)	(3,770)	-	-	(8,275)	(863)	-	-	(10,965)	(4,633)
	682,908	687,652	416,129	415,177	362,912	381,643	91,989	97,099	1,553,938	1,581,571
Value movements	(41,067)	(4,605)	(10,234)	(43)	(24,251)	(10,762)	(8,838)	2,300	(84,390)	(13,110)
Balance as at 31 December	**641,841**	**683,047**	**405,895**	**415,134**	**338,661**	**370,881**	**83,151**	**99,399**	**1,469,548**	**1,568,461**
Accrued assets in respect of lease incentives	2,998	3,509	1,300	695	864	246	435	271	5,597	4,721
Total property in operation	**644,839**	**686,556**	**407,195**	**415,829**	**339,525**	**371,127**	**83,586**	**99,670**	**1,475,145**	**1,573,182**
Lease liabilities	(2,569)	(2,571)	-	-	(723)	(823)	-	-	(3,292)	(3,394)
Appraisal value as at 31 December	**642,270**	**683,985**	**407,195**	**415,829**	**338,802**	**370,304**	**83,586**	**99,670**	**1,471,853**	**1,569,788**
Other assets 1)	6,218	6,304	5,176	690	2,275	1,487	7,837	92	21,506	8,573
Not allocated to segments 2)									5,854	5,349
Total assets 3)	**648,488**	**690,289**	**412,371**	**416,519**	**341,077**	**371,791**	**91,423**	**99,762**	**1,499,213**	**1,583,710**
Liabilities	17,600	21,389	7,967	3,952	3,530	2,667	10,462	12,001	39,559	40,009
Not allocated to segments 4)									644,653	664,229
Total liabilities									**684,212**	**704,238**

1) The Assets held for sale are included in the Other assets.
2) The other assets not allocated to segments are primarily cash and cash equivalents and other receivables.
3) The difference between 'Total assets' in the table above and the total assets on the balance sheet as at 31/12/2020 concerns € 3,292 in lease liabilities for the reconciliation with the appraisal value (31/12/2019: ditto, € 3,394).
4) 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		Net service charge expenses		Operating expenses		Net rental income	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Netherlands	30,280	32,568	-	-	(78)	(50)	(4,048)	(3,634)	26,154	28,884
France	14,214	13,642	314	272	(179)	(113)	(1,600)	(966)	12,749	12,835
Belgium	17,085	19,664	194	-	(110)	(80)	(2,021)	(1,303)	15,148	18,281
Spain	3,337	3,414	-	-	-	(1)	(370)	(386)	2,967	3,027
	64,916	**69,288**	**508**	**272**	**(367)**	**(244)**	**(8,039)**	**(6,289)**	**57,018**	**63,027**

Net service charge expenses	2020	2019
Attributable to leased properties	8	11
Attributable to vacant properties	359	233
	367	**244**

Operating expenses		
Attributable to leased properties	7,781	5,956
Attributable to vacant properties	258	333
	8,039	**6,289**

Operating expenses		
Maintenance	1,465	1,142
Administrative and commercial management [1)]	2,766	2,772
Insurance	334	289
Local taxes	1,275	1,324
Letting costs	299	526
Allocation to the provision for expected credit losses (on balance)	1,489	45
Other operating expenses	411	191
	8,039	**6,289**

1) 4% of gross rental income before waivers of past due rent in arrears in connection with the COVID-19 pandemic, consisting of external costs and general expenses, which are attributed to operating expenses.

The 2020 gross rental income includes waivers of past due rent in arrears of € 4.2 million. The table below shows the impact of COVID-19 on the 2020 gross rental income:

					2020
	Netherlands	France	Belgium	Spain	Total
Gross rental income before concessions	31,815	15,155	18,857	3,473	69,300
COVID-19 rent waivers [1)]	(1,505)	(941)	(1,771)	(30)	(4,247)
Other rent concessions [2)]	(30)	-	(1)	(106)	(137)
Gross rental income after concessions	**30,280**	**14,214**	**17,085**	**3,337**	**64,916**

1) These concern subsequent waivers of past due rent in arrears, not being lease modifications, that are charged to the gross rental income.
2) These concern concessions that, either in conjunction with other contract adjustments or otherwise, have been classified as a lease modification and are therefore recognised straight-line over the contract duration.

The 2020 operating expenses include allocations to the provision for expected credit losses of € 1.5 million. The larger part of these are related to the COVID-19 pandemic. The overview below presents the allocations per country in 2020:

					2020
	Netherlands	France	Belgium	Spain	Total
Allocation to the provision for expected credit losses (on balance)	406	533	455	95	1,489

5. Value movements in property

	2020			2019		
	Positive	Negative	Total	Positive	Negative	Total
Property in operation	20,068	(104,458)	(84,390)	26,624	(39,734)	(13,110)

6. Net result on divestments of property

	2020	2019
Sale price	12,434	12,240
Book value at time of divestment	(10,965)	(11,763)
	1,469	**477**
Sales costs	(22)	(106)
	1,447	**371**
Other	50	(39)
	1,497	**332**

For further explanation, see *13 Property in operation* and *14 Assets held for sale*.

7. Net financing costs

Interest income	2020	2019
Other interest income	(14)	(18)

Interest paid	2020	2019
Long-term interest-bearing loans	12,793	14,541
Short-term credits and cash loans	167	153
Lease liabilities	27	32
Other interest expenses	140	188
	13,127	**14,914**
Total interest	**13,113**	**14,896**
Value movements in financial derivatives	2,091	2,953
Reclassification of unrealised results on financial derivatives from equity	-	(266)
	15,204	**17,583**

8. General expenses

	2020	2019
Personnel costs	6,612	6,259
Remuneration of Supervisory Board	145	181
Consultancy and audit costs	1,158	1,142
Appraisal costs	467	552
Accommodation and office costs	772	1,017
Other expenses	649	1,347
	9,803	**10,498**
Attributed to operating expenses	(2,385)	(2,361)
	7,418	**8,137**

Personnel costs

During 2020, Vastned employed an average of 38 employees (FTEs) (2019: 38), of which 23 in the Netherlands and 15 abroad (2019: 23 in the Netherlands and 16 abroad).

During the reporting year, € 4.7 million was recognised in salaries (2019: € 4.4 million), € 0.5 million in social insurance contributions (2019: € 0.6 million), and € 0.6 million in pension contributions (2019: € 0.2 million).

The other personnel costs were € 0.8 million (2019: € 1.1 million).

Audit costs

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

	2020	2019
Audit fees	378	330
Audit-related fees	-	-
Other non-audit-related fees	4	8
	382	**338**

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 (2019: € 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 2020:

	2020
Reporting to the remuneration committee on the realisation of the bonus performance targets of the Executive Board – Long-Term Incentive	2
Reporting on compliance with bank covenants	2
	4

Other expenses

Other expenses include publicity costs and IT costs. Other expenses include publicity costs and IT costs as well as non-recurring income of € 0.8 million resulting from a decision of the Belgian tax authorities to refund overpaid listing costs of Vastned Retail Belgium (stock exchange tax).

9. Income tax

Current income tax expense	2020	2019
Current financial year	657	682

Movement in deferred tax assets and liabilities	2020	2019
In respect of:		
Value movements in property	(4,707)	513
Movement in other temporary differences	(94)	(254)
Movement in offsettable losses	(61)	(337)
	(4,862)	**(78)**
Total	**(4,205)**	**604**

The geographic distribution of the income tax is as follows:

	2020			2019		
	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	597	(2,574)	(1,977)	609	(1,091)	(482)
France	(61)	-	(61)	36	-	36
Belgium	11	(227)	(216)	50	210	260
Spain	110	(2,061)	(1,951)	(13)	803	790
	657	**(4,862)**	**(4,205)**	**682**	**(78)**	**604**

Reconciliation effective tax rate	2020		2019	
Result before taxes		**(48,497)**		**24,529**
Income tax at Dutch tax rate	0.0%	-	0.0%	-
Effect of tax rates of subsidiaries operating in other jurisdictions	9.8%	(4,774)	4.9%	1,207
Changes in tax rates	(1.2%)	569	(2.5%)	(603)
Adjustment previous financial years	0.0%	-	0.0%	-
	8.6%	**(4,205)**	**2.4%**	**604**

The companies in the group are taxed in accordance with the tax rules in the country of establishment. In some countries there are 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 eight 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%.

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 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 property 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 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 owed 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 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.

10. Result per share

	2020 Basic	2020 Diluted	2019 Basic	2019 Diluted
Result after taxes	(41,340)	(41,340)	22,435	22,435
Adjustment for effect of convertible bond loan	-	-	-	898
Result after taxes adjusted for effect of convertible bond loan	**(41,340)**	**(41,340)**	**22,435**	**23,333**

Average number of ordinary shares in issue

	2020 Basic	2020 Diluted	2019 Basic	2019 Diluted
Balance as at 1 January	**17,151,976**	**17,151,976**	**17,894,592**	**17,894,592**
Effect of share buyback	-	-	(624,486)	(624,486)
Adjustment for effect of convertible bond loan	-	-	-	712,577
Average number of ordinary shares in issue	**17,151,976**	**17,151,976**	**17,270,106**	**17,982,683**

Per share (€)

	2020 Basic	2020 Diluted	2019 Basic	2019 Diluted
Result after taxes	**(2.41)**	**(2.41)**	**1.30**	**1.30**

11. Dividend

On 13 July 2020, the final dividend for the 2019 financial year was made payable. The dividend was € 0.85 per share in cash. The dividend distribution totalled € 14.6 million. This amount is lower than the amount proposed by the Executive Board as disclosed in the 2019 financial statements, € 1.47 per share, which is due to (the impact of) COVID-19.

In 2020, no interim dividend was made payable for the 2020 financial year.

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 Corporate Income Tax Act, the Executive Board proposes that a final dividend of € 1.73 per share be distributed in cash for the 2020 financial year.

If the Annual General Meeting of shareholders of 15 April 2021 approves the dividend proposal, the dividend will be made payable to shareholders on 6 May 2021. The dividend to be distributed has not been entered in the balance sheet as a liability.

12. 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	2020 Book value	2020 Fair value	2019 Book value	2019 Fair value
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,475,145	1,475,145	1,573,182	1,573,182
Assets held for sale	3	7,410	7,410	1,575	1,575

Liabilities valued at fair value

	Level	2020 Book value	2020 Fair value	2019 Book value	2019 Fair value
Long-term liabilities					
Long-term interest-bearing loans	2	624,793	633,170	580,427	584,046
Lease liabilities	2	3,384	6,741	3,698	4,891
Financial derivatives	2	4,769	4,769	2,678	2,678

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 2020 and 2019.

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 2020.

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.

13. Property in operation

All the property in operation is appraised at least once per year by independent certified appraisers. 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. Due to the strategic choice for the best retail property in the most popular high streets, the current crisis has had a limited impact on the valuation of our property.

The COVID-19 outbreak has resulted in significantly lower levels of transaction activity and liquidity in the retail property market. As at 30 June 2020 the lack of market information for comparative purposes was such that the appraisals as at 30 June 2020 are subject to 'material valuation uncertainties' as described in VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. These 'material valuation uncertainties' were withdrawn as of 31 December 2020 for most of the portfolio. Only C&W in Spain and both appraisers in Belgium have not withdrawn their 'material valuation uncertainties'. For this reason less certainty and a greater degree of caution should be attached to the valuations than would normally be the case. The assets valued by these appraisers have a joint appraisal value as at 31 December 2020 of € 51 million and € 339 million respectively.

Our appraisers, CBRE and C&W, have the largest database in Europe in the area of retail property. They are best placed in the present appraisal market to minimise the estimation uncertainty and assign a correct value to Vastned's property, taking into account the pandemic and its impact on the parameters that are relevant for the market value determination as at 31 December 2020.

The property in operation and under renovation 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 are as follows:

	Netherlands	France	Belgium	Spain	Total
2020					
Appraisal value as at 31 December	642,270	407,195	338,802	83,586	1,471,853
Lease incentives still to be granted as at the balance sheet date	364	817	533	-	1,714
Market rent per sqm (€)	313	821	217	1,020	339
Theoretical annual rent per sqm (€)	322	775	233	1,063	345
Vacancy rate at end of reporting year	4.8	1.5	3.8	-	3.5
Weighted average lease term in years (until first break)	2.5	1.9	2.0	1.8	2.2
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**4.1**	**3.6**	**4.9**	**3.7**	**4.1**
2019					
Appraisal value as at 31 December	683,985	415,829	370,304	99,670	1,569,788
Lease incentives still to be granted as at the balance sheet	96	2,229	1,094	281	3,700
Market rent per sqm (€)	312	825	218	1,117	337
Theoretical annual rent per sqm (€)	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**

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 of 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.

As at 31 December 2020, 94.3% of the property in operation was appraised by independent certified appraisers (31 December 2019: 94.4%).

The following independent certified appraisers who appraised the property in 2019 and 2020 were: CBRE en Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris and Crédit Foncier Expertise in Paris.

Sensitivity analysis and stress test

Significant changes in the parameters relevant for the valuation of Vastned property investments result in a significantly lower or higher market value, with an inherent impact on solvency and the LTV. Below a number of sensitivity analyses are listed along with the impact on the valuation based on significant changes to the parameters net yield and market rent. These parameters are deemed to be the most relevant in view of the current economic situation.

A 25 basis point increase in the net yields used in the appraisal values would result in decrease in the value of the property in operation by € 84.9 million or 5.8% (31 December 2019: € 93.8 million or 6%) and a 261 basis points increase in the loan-to-value ratio (31 December 2019: 263 basis points) and a decrease of the solvency ration by 268 basis points. At 50 basis points this would be € 160,4 million or 10,9% and 521 and 536 basis points respectively.

A 5% decrease of the appraisal values used in the market rents would result in a decrease in the value of the property portfolio by € 73.6 million or 5%, a rise of the loan-to-value ratio by 224 basis points and a decrease of the solvency ratio by 231 basis points. At 10% this would be this would be € 147,2 million or 9,9% and 474 and 487 basis points respectively.

At year-end 2020, the solvency ratio was 55.2% (31 December 2019: 56.6%) and the LTV 43.0% (31 December 2019: 41.6%). The solvency ratio agreed with the lenders is 45%. A 95 basis point increase in the net yields used in the appraisal values would result in decrease in the value of the property in operation by € 277.3 million or 18.8%. In that case, the loan-to-value would rise by 989 basis points from 43.0% to 52.8%, and the solvency ratio would fall by 1,015 basis points from 55.2% to 45.0%. A rise of the net yields used in the appraisal values by more than 95 basis points would therefore result in an 'event of default' with respect to the solvency covenant.

Property in operation

	2020	2019
Balance as at 1 January	**1,568,461**	**1,575,224**
Acquisitions	-	13,749
Investments	2,277	2,423
Transferred from Assets held for sale	1,575	-
Transferred to Assets held for sale	(7,410)	(5,192)
Divestments	(10,965)	(4,633)
	1,553,938	**1,581,571**
Value movements	(84,390)	(13,110)
Balance as at 31 December	**1,469,548**	**1,568,461**
Accrued assets in respect of lease incentives	5,597	4,721
Total property in operation	**1,475,145**	**1,573,182**
Lease liabilities	(3,292)	(3,394)
Appraisal value as at 31 December	**1,471,853**	**1,569,788**

In 2020, no acquisitions were made; in 2019, assets were acquired for a total of € 13.7 million (all in the Netherlands).

The capital expenditure in 2020 involved improvements to a number of properties in the various countries.

"The divestments in 2020 concerned 4 relatively small properties in the Netherlands (€ 2.7 million, 2019: € 3.7 million) and 2 properties in Belgium (€ 8.3 million, 2019: € 0.9 million). No divestments were made in France and Spain during 2020 (2019: nil).

A positive sales result of € 1.4 million was realised on these divestments compared to the most recent book value (2019: € 0.6 million negative). See also *6. Net result on divestments of property* for the total sales result including the return realised on the assets held for sale (2019).

In the Netherlands the value movements in 2020 were € 4.6 million negative (2019: € 4.6 million negative). In France, the value movements came to € 10.2 million negative (2019: virtually nil) and in Belgium, the value of the property portfolio fell by € 24.3 million (2019: € 10.8 million negative). The value of the property portfolio in Spain fell by € 8.8 million (2019: € 2.3 million positive).

Accrued assets in respect of lease incentives

	2020	2019
Balance as at 1 January	4,721	4,342
Lease incentives granted	4,246	2,630
Charged to the profit and loss account	(3,383)	(2,238)
Transferred from Assets held for sale	13	-
Transferred to Assets held for sale	-	(13)
Balance as at 31 December	**5,597**	**4,721**

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

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

14. Assets held for sale

	2020	2019
Balance as at 1 January	1,575	3,500
Transferred from Property in operation	7,410	5,192
Transferred to Property in operation	(1,575)	-
Transferred from Accrued assets in respect of lease incentives	-	13
Divestments	-	(7,130)
	7,410	**1,575**
Value movements	-	-
Balance as at 31 December	**7,410**	**1,575**

No properties classified as 'assets held for sale' were sold in 2020 (2019: six in the Netherlands, one in Belgium). In 2019, a positive sales result was realised on these divestments of € 0.9 million. As at 31 December 2020, one asset was being held for sale (31 December 2019: two assets).

15. Debtors and other receivables

	31 December 2020	31 December 2019
Debtors and pre-invoiced amounts	12,403	4,699
Provision for expected credit losses	(2,530)	(1,062)
	9,873	**3,637**
Indirect taxes	642	583
Prepayments	641	372
Other receivables	6,146	4,612
	17,302	**9,204**

The total accounts receivable, after deduction of the provision for expected credit losses, can be broken down as follows by the nature of the receivable:

	31 December 2020		
	Gross amounts	Provision for expected credit losses	Net amounts
Overdue accounts receivable not COVID-19-related	1,612	(1,164)	448
Overdue accounts receivable related to COVID-19	2,639	(1,270)	1,369
Accounts receivable for which the debtor has been granted a deferment due to COVID-19	872	(96)	776
Accounts receivable re pre-invoiced rent	6,745	-	6,745
Other receivables	534	-	534
	12,403	**(2,530)**	**9,873**

The contracts state that the rents due must be paid by the tenants before or on the first day of the rent period. In the context of the COVID-19 pandemic, it has been agreed with a number of tenants that due to unusual circumstances they may pay the rent in a number of instalments (monthly instead of quarterly), or that the rent may be paid at a later date, or a combination of both. No interest is charged on the outstanding rent receivables. The Group determines the provision for expected credit losses by applying the simplified approach in accordance with IRFS 9. Expected credit losses on rent receivables are estimated by means of a provisions matrix based on the debtors' past payment behaviour, based on an analysis by country, in conjunction with an analysis of the debtors' current financial position corrected for factors that are specific to the debtors, the status of the negotiations regarding rent payments that are past due, the economic circumstances of the industry in which the debtors are active and an assessment of both the current and the expected circumstances on the balance sheet date. The allocation to the provision for expected credit losses in 2020 was € 1.5 million.

For further explanation on the debtors and pre-invoiced amounts and the provision for expected credit losses reference is made to 22 *Financial instruments*.

The other receivables include items with a term in excess of one year of a total amount of € 0.1 million (2019: € 0.1 million).

16. Cash and cash equivalents

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

17. 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 € 42.98 per share as at 31 December 2020 (31 December 2019: € 46.28 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 2019	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	-	-	-
Balance as at 31 December 2020	**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 involved 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 was taken from the share premium reserve to the other reserves in 2019.

18. Deferred tax assets and liabilities

	1 January 2020 Liabilities	Movement in profit and loss account	Transferred to short-term liabilities	Reclassification	31 December 2020 Liabilities
Valuation differences in property	15,412	(4,707)	-	-	10,705
Offsettable losses	(713)	(61)	-	-	(774)
Other temporary differences	851	(94)	-	-	757
	15,550	**(4,862)**	**-**	**-**	**10,688**

	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**

The deferred tax assets and liabilities as at 31 December 2020 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. € 70,000 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.

As at the balance sheet date, there is another € 8.3 million (2019: € 8.6 million) in unused tax losses in France (€ 6.9 million, 2019: € 7.4 million) and Belgium (€ 1.4 million, 2019: € 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.

19. Provisions in respect of employee benefits

Until 31 December 2019 Vastned has a pension plan in place for its employees in the Netherlands, which 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. This unconditionally indexed career average plan remains in place, but can no longer be accessed. 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:

	31-12-2020	31-12-2019
Discount rate	1.10%	1.50%
Expected rate of salary increases (age-dependent)	2.00%	2.00%
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	
	2020	2019	2020	2019	2020	2019
Balance as at 1 January	28,911	24,120	22,902	18,833	6,009	5,287
Reported in the profit and loss account						
Service cost	-	382	-	-	-	382
Past service cost	-	(288)	-	-	-	(288)
Interest	430	550	341	434	89	116
Administrative costs	-	-	(25)	(40)	25	40
Total reported in the profit and loss account	**430**	**644**	**316**	**394**	**114**	**250**
Reported in other comprehensive income						
Effect of adjustment to demographic assumptions	(615)	(69)	-	-	(615)	(69)
Effect of adjustment to discount rate	2,460	4,490	-	-	2,460	4,490
Effect of experience adjustment	-	99	-	-	-	99
Effect of changes in financial assumptions	-	-	1,225	3,546	(1,225)	(3,546)
Total reported in other comprehensive income	**1,845**	**4,520**	**1,225**	**3,546**	**620**	**974**
Contributions and benefits paid						
Contribution paid by employer	-	-	391	502	(391)	(502)
Contribution paid by employees	-	40	-	40	-	-
Benefits paid	(487)	(413)	(487)	(413)	-	-
Total contributions and benefits	**(487)**	**(373)**	**(96)**	**129**	**(391)**	**(502)**
Balance as at 31 December	**30,699**	**28,911**	**24,347**	**22,902**	**6,352**	**6,009**
Long-term personnel benefits					55	83
Total					**6,407**	**6,092**

As stated earlier, the pension plan has been fully re-insured 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:

	2020	2019
Service cost	-	382
Past service cost	-	(288)
Net interest	89	116
Administrative costs	25	40
	114	**250**
Defined contribution pension plans	583	123
	697	**373**

Vastned expects to contribute a total of € 0.3 million to the defined benefit pension plans in 2021. Vastned expects to contribute a total of € 0.4 million to the defined contribution pension plans in 2021.

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
	0.85%	1.10%	1.35%
Present value of defined benefit pension obligations	32,389	30,699	29,128

20. Interest-bearing debts

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

	2020				2019			
	Remaining term				Remaining term			
Long-term interest-bearing debts	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]	394,754	49,923	444,677	2.02	344,826	99,790	444,616	1.99
• floating interest	180,116	-	180,116	1.36	135,811	-	135,811	1.42
	574,870	**49,923**	**624,793**	**1.83**	**480,637**	**99,790**	**580,427**	**1.86**
Lease liabilities	623	2,761	3,384	2.43	849	2,849	3,698	2.34
Total long-term interest-bearing debts	**575,493**	**52,684**	**628,177**		**481,486**	**102,639**	**584,125**	
Short-term interest-bearing debts								
Payable to banks			8,547	1.25			8,283	1.25
Redemption of long-term interest-bearing loans			-	-			62,470	5.38
Short-term lease liabilities			272	1.40			320	1.37
Total short-term interest-bearing debts			**8,819**				**71,073**	
Total interest-bearing debts			**636,996**				**655,198**	

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

In 2020, Vastned drew down an additional amount of € 44.1 from its existing credit facilities. This amount was used principally to refinance expired loans. In 2020, a private placement of € 25.0 million that expired in January 2020 and a private placement of € 37.5 million that expired in October 2020 were repaid to Pricoa Capital Group.

In December 2020, Vastned concluded a € 40.0 million three-year 'Green Revolving Credit Facility' with ABN AMRO Bank and Rabobank. This new credit facility has a floating interest rate with a margin that is in line with the market.

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 rate 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 *22. Financial instruments* for more details on the conditions set by the lenders.

As at 31 December 2020, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 693.2 million (31 December 2019: € 715.4 million).

The unused credit facility of the long-term interest-bearing loans was € 68.4 million as at 31 December 2020 (31 December 2019: € 72.6 million).

The average term of the long-term interest-bearing loans was 3.9 years (31 December 2019: 4.9 years).
The average interest rate of the long-term interest-bearing loans in 2020 was 2.01% (2019: 2.24%).

For more details of the lease liabilities, reference is made to *24 Lease agreements*.

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 2020 was 1.08% (2019: 1.18%).
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 2020 was € 44.6 million (31 December 2019: € 54.6 million).
The unused credit facility of the 'payable to banks' item was € 36.1 million as at 31 December 2020 (31 December 2019: € 46.3 million).

Movements in the interest-bearing debts were as follows:

	1 January 2020	Cash entries: Interest-bearing loans drawn down	Cash entries: Interest-bearing loans redeemed	Non-cash entries: Application of effective interest method	Other movements [1]	31 December 2020
Long-term interest-bearing loans	580,427	43,939	-	427	-	624,793
Long-term lease liabilities	3,698	-	(81)		(233)	3,384
Payable to banks	8,283	264	-	-	-	8,547
Redemption of long-term interest-bearing loans	62,470	-	(62,470)	-	-	-
Redemption convertible bond loan	-	-	-	-	-	-
Short-term lease liabilities	320	-	(320)	-	272	272
	655,198	**44,202**	**(62,871)**	**427**	**39**	**636,996**

1) The other movements mainly concern the reclassification of the portion of the long-term interest-bearing debts due within one year.

	1 January 2019	Cash entries: Interest-bearing loans drawn down	Cash entries: Interest-bearing loans redeemed	Non-cash entries: Application of effective interest method	Other movements [1]	31 December 2019
Langlopende rentedragende leningen o/g	475,638	166,775	-	484	(62,470)	580,427
Langlopende leaseverplichtingen	4,053	-	(78)	-	(277)	3,698
Schulden aan kredietinstellingen	6,020	2,263	-	-	-	8,283
Aflossing langlopende rentedragende leningen o/g	25,000	-	(25,000)	-	62,470	62,470
Aflossing converteerbare obligatielening	109,661	-	(110,000)	339	-	-
Kortlopende leaseverplichtingen	360	-	(360)	-	320	320
	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.

21. Other liabilities and accruals

	2020	2019
Accounts payable	938	379
Investment creditors	281	294
Dividend	25	24
Indirect taxes	3,368	2,339
Prepaid rent	8,829	6,153
Service charges	306	121
Interest	2,297	2,942
Operating expenses	720	877
Other liabilities and accruals	4,247	7,427
	21,011	**20,556**

22. 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 financing risk, 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 charter. 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:

	2020			2019		
	Gross amounts	Provision for expected credit losses	Net amounts	Gross amounts	Provision for expected credit losses	Net amounts
No yet due	7,727	79	7,648	2,608	-	2,608
Overdue by less than 30 days	856	257	599	392	1	391
Overdue by between 31 and 90 days	721	258	463	93	-	93
Overdue by between 91 days and one year	1,816	848	968	468	102	366
Overdue by more than one year	1,283	1,088	195	1,138	959	179
	12,403	**2,530**	**9,873**	**4,699**	**1,062**	**3,637**

Movements in the provision for doubtful debtors were as follows:

	2020	2019
Balance as at 1 January	1,062	1,284
Allocation to the provision	1,489	45
Write-off for doubtful debtors	(21)	(267)
Balance as at 31 December	**2,530**	**1,062**

The receivables are recognised after 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's principle during the past years has been to limit loan capital financing to approximately 35 - 45% of the market value of the property. At year-end 2020, this ratio was 43.0% (year-end 2019: 41.6%). This principle has been adjusted as part of the strategy update; for an explanation reference is made to the heading '*Optimised and concentrated portfolio*' in the Report of the Executive Board. 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 2020, the weighted average duration of the long-term interest-bearing loans was 4.3 years (31 December 2019: 4.9 years).

At year-end 2020, the solvency ratio, calculated by taking equity plus the provision for deferred tax liabilities divided by the balance sheet total, was 55.2% (31 December 2019: 56.6%), which is within the solvency ratios of at least 45% as agreed with the lenders.

The interest coverage ratio for 2020 was 4.3 (2019: 4.2) (calculated by taking net rental income and dividing it by net financing costs (excluding value movements in financial derivatives)), which was well above the 2.0 ratio agreed with lenders. The 2.0 minimum interest coverage ratio agreed with the lenders is reached when the net rental income falls by 55%.

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 2020, Vastned had € 44.6 million (31 December 2019: € 54.6 million) in short-term credit facilities available, of which it had drawn down € 8.5 million (31 December 2019: € 8.3 million). The unused credit facility of the long-term interest-bearing mortgages was € 68.4 million as at 31 December 2020 (31 December 2019: € 72.6 million). The total unused credit facility as at 31 December 2020 therefore was € 104.5 million (31 December 2019: € 118.9 million).

Vastned periodically draws up liquidity forecasts for the upcoming periods. Prompted by the impact of the pandemic Vastned over the past few months has detailed several scenarios and performed stress tests for the existing covenants which take account of the potential direct as well as indirect consequences of the crisis in 2021 and beyond. The findings of this work show that no additional financing is needed in 2021 and 2022 and that the expectation is that the company will be able to continue to comply with the solvency and interest coverage convenants. Further information on the findings of the stress tests is also set out in note *13*.

The table below shows the financial equity and liabilities, including the estimated interest benefit paid [1]:

31 December 2020	Balance sheet value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Long-term interest-bearing loans	624,793	665,433	9,732	605,637	50,064
Long-term lease liabilities	3,384	7,557	-	644	6,913
Financial derivatives (long-term liabilities)	4,769	5,109	1,265	3,844	-
Payable to banks [2]	8,547	8,556	8,556	-	-
Redemption of long-term interest-bearing loans [2]	-	-	-	-	-
Short-term lease liabilities	272	292	292	-	-
Other liabilities and accruals	21,011	20,556	-	-	-
	662,776	**707,503**	**19,845**	**610,125**	**56,977**

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 2021 and 1 January 2020 respectively.
2) Including interest up to the next due date or interest review date.

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**

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 2020, the interest rate risk on loans with a nominal value of € 220.0 million (31 December 2019: € 220.0 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 2019: 0.1235% negative to 1.094% positive) (excluding margins) and expiry dates ranging from 31 July 2023 to 12 September 2025 (31 December 2019: 31 July 2023 to 12 September 2025).

No new derivatives were concluded in 2020. The market value of the interest rate swaps was € 4.8 million negative at year-end 2020 (31 December 2019:). € 2.7 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 € 624.8 million (31 December 2019: € 580.4 million), € 444.9 million (31 December 2019: € 444.9 million) had a fixed interest rate (see *23B 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 4.3 years (31 December 2019: 4.7).

Interest rate sensitivity

Significant changes to interest rates result in lower or higher interest expenses. Below a number of sensitivity analyses are set out along with the (net) impact on the interest expense based on significant changes to interest rates. Due to the derivatives concluded, any rises impact Vastned only partially; in the calculations below, the financial derivatives have been taken into account in each case.

As at 31 December 2020, the impact on the interest expense of a 100-basis-point increase in interest rates - all other factors remaining equal - would be € 0.1 million negative (31 December 2019: € 0.3 million negative). Should interest rates increase by 200 basis points as at this date – all other factors remaining equal – the impact on the interest expense would be € 1.9 million negative (31 December 2019: € 1.6 million negative). As several loans contain a clause stipulating that the interest rate may not be negative, a 100-basis-point decrease in interest rates would have a negative impact on the interest expense.

Currency risk

All Vastned's investments are located in the eurozone countries. Consequently, the company is not exposed to a currency risk.

COVID-19

In response to the additional risks due to the pandemic outbreak in 2020 and its impact, Vastned management has taken additional measures to limit these risks. As also explained in the notes '*11 Dividend*' and '*26 Related party transactions*' no interim dividend was distributed in 2020 , the dividend distributed for 2019 was lower than originally intended, both the Executive Board and the Supervisory Board waived 15% of its remuneration over the period from May to December, and the bonuses of the Executive Board were also reduced. Furthermore, the frequency of the debtor analyses was increased from monthly to weekly.

B Summary of expiry dates and fixed interest rates on long-term interest-bearing loans

	2020			2019		
	Contract review	Interest review	Average interest rate [1]	Contract review	Interest review	Average interest rate [1]
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	14,808	15,000	1.85	15,000	15,000	1.85
2024	510,235	180,131	1.95	465,724	180,176	1.95
2025	49,827	199,827	1.90	49,791	199,791	1.84
2026	49,923	49,923	2.78	49,912	49,912	2.78
Total long-term interest-bearing loans with a fixed interest rate	**624,793**	**444,881**	**2.02**	**580,427**	**444,879**	**1.99**
Long-term interest-bearing loans with a floating interest rate	-	179,912	1.36	-	135,548	1.42
Total long-term interest-bearing loans	**624,793**	**624,793**	**1.83**	**580,427**	**580,427**	**1.86**

1) Including interest rate swaps and credit spreads in effect at year-end 2020 and 2019.

C Overview of fair value of interest rate derivatives

	2020		2019	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	**-**	**4,769**	**-**	**2,678**

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2020		2019	
	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	(4,769)	220,000	(2,379)	70,000
Interest rate swaps > 5 years	-	-	(299)	150,000
	(4,769)	**220,000**	**(2,678)**	**220,000**

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.

23. 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 total € 14.8 million (2019: € 13.5 million).

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 in 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.

24. 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:

	31 December 2020
Within one year	64,708
One to two years	50,931
Two to three years	28,111
Three to four years	12,471
Four to five years	6,937
More than five years	9,978
Total	**173,136**

	31 December 2019
Within one year	65,362
One to two years	52,813
Two to three years	37,448
Three to four years	17,112
Four to five years	7,962
More than five years	11,624
Total	**192,321**

The above non-discounted lease payments received on an annual basis as at 31 December 2020 have been reduced by the rent waivers of future rents (as at the balance sheet date). Depending on the development of a number of factors related to the current pandemic and the resulting high degree of estimation uncertainty, account will be taken of deviations in the rents to be actually received compared to the amounts set out above.

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 rights-of-use assets in 2020 were € 6 thousand (2019: € 15 thousand).

Depreciation on the rights-of-use assets was € 244 thousand (2019: € 239 thousand), which was recognised in the general expenses.

The costs related to leases for assets of minimal value were less than € 1 thousand.

There are no leases with a terms 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:

	2020			2019		
	ground rents	rent	total	ground rents	rent	total
Within one year	126	166	292	126	219	345
One to five years	450	194	644	498	386	884
More than five years [1]	6,913	-	6,913	6,887	34	6,921
	7,489	**360**	**7,849**	**7,511**	**639**	**8,150**

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 out until 16 August 2032. In the payment obligations of more than five years, a 100-year period has been assumed.

25. Events after balance sheet date

Divestments
On 19 January, the property at Calle Tetuán 19 / Calle Carmen 3 in Madrid was sold. The property is sold at book value. This property was classified as an asset held for sale as at 31 December 2020.

Rent collection
In the period from 1 January 2021 to 31 January 2021, Vastned received € 0.6 million in 2020-related payments and further waived less than € 0.1 million in 2020 rents. This took the 2020 rent collection to 90.4% as of 31 January 2021. For the January 2021 rent, a rent collection of 79.4% applied on this date.

Tax plan 2021
On 15 December, the Upper House in the Netherlands approved the Tax Plan 2021 ('Belastingplan 2021'). Part of this plan, which largely took effect on 1 January 2021, is a further differentiation in the rates of transfer tax with the aim of improving the position of first-time buyers on the housing market compared to investors. Concretely, this means as at 1 January 2021 inter alia a rise of the general rate from 6% to 8%. For residential units which were subject to a reduced rate of 2%, the rate was raised to 8% if these units are acquired by non-natural persons and if the units are acquired by natural persons who do not use them (or only temporarily) as their main residence. In view of the value reference date of 31 December 2020, the old rates were used to convert the appraised 'purchasing costs payable by the vendor' ('V.O.N.') values to 'purchasing costs payable by the buyer' ('kosten koper'). The adjusted rates have been recognised indirectly by determining the yield of the appraisals. After all, the rate change was already known in September 2020, and so the rate change was already subsumed in the pricing (references after September 2020). This methodology is in line with the valuation standards of the IVSC (International Valuation Standards Council).

26. 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 2020, 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 five percent:

Van Herk Investments B.V.	24.98%
BlackRock, Inc.	3.99%
Tikehau Capital Advisors SAS	3.05%
Société Fédérale de Participations et d'Investissement (SFPI)	3.02%
Welgelegen Beheer B.V.	3.00%

Subsidiaries
For an overview of subsidiaries and participations, please refer to *27 Subsidiaries* and the chapter *Corporate Governance* at 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 Executive Board members
Mr Taco de Groot stepped down as Vastned CEO as of 1 December 2020. As of this date, at the request of the Supervisory Board, Reinier Walta has acted as interim CEO until a successor is appointed.

During the 2020 financial year none of the members of the Supervisory Board and Executive Board had a personal interest in the investments of the company.

The Executive Board also waived its entitlement under the Short-Term Incentive (STI) for 2020. In addition, due to the impact of COVID-19 on society, payment under the Business Health test for the variable long-term remuneration ('Long-Term Incentive' or 'LTI') covering the period 2018-2020 was also waived. Furthermore, a decision was taken during the period May till December 2020.

Remuneration and shareholding of the Supervisory Board

	Remuneration 2020	Share ownership year-end 2020	Remuneration 2019	Share ownership year-end 2019
M.C. van Gelder	48	7,100	53	7,100
M. Bax (until 24 June 2020)	20	n/a	43	-
C.M. Insinger	39	-	44	-
J.G. Blokhuis	38	1,000	29	1,000
J.B.J.M. Hunfeld (until 18 April 2019)	-	n/a	12	n/a
	145	**8,100**	**181**	**8,100**

Remuneration and shareholding of the Executive Board

2020	Fixed remuneration	LTI 2018-2020 payable in 2021	Pension insurance contributions	Social insurance contributions	Total	Share ownership year-end 2020
T.T.J. de Groot	1,027 1)	73	104	17	1,221	n/a 2)
R. Walta	294	56	61	13	424	2,000
	1,321	**129**	**165**	**30**	**1,645**	**2,000**

1) The remuneration awarded to Taco de Groot included the fixed annual salary for 2020 of 414 thousand (including a COVID-19 reduction of € 46 thousand), a payment amounting to an annual salary of € 460 thousand in connection with the termination of his employment contract as of 1 April 2021, an anniversary bonus and the fixed salary still to be paid for January to March 2021 of € 115 thousand.
2) As of 31 December 2020, Taco de Groot is no longer a statutory director.

2019	Fixed remuneration	STI/LTI over 2019 payable in 2020	Pension insurance contributions	Social insurance contributions	Total	Share ownership year-end 2020
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**

In 2020, Taco de Groot waived his Short-Term Incentives. In addition, a bonus of € 73 thousand will be paid to Taco de Groot in 2021 based on his 28.8% achievement of the targets for the Long-Term Incentive over the period 2018- 2020.

In 2020, Reinier Walta waived his Short-Term Incentives. In addition, a bonus of € 56 thousand will be paid to Reinier Walta in 2021 based on his 28.8% realisation of the targets for the Long-Term Incentive for the period 2018-2020.

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 statutory directors or to the supervisory directors.

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 the chapter *Remuneration report 2020* included elsewhere in this annual report.

27. Subsidiaries

The subsidiaries are:

	Country of establishment	Interest and voting right in % 2020	2019
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	100
Vastned Retail Monumenten B.V.	Netherlands	100	100
Vastned Management B.V.	Netherlands	100	100
Vastned Projecten B.V. (in liquidatie)	Netherlands	100	100
Vastned France Holding S.à r.L.	France	100	100
- Jeancy S.à r.L.	France	100	100
- Lenepveu S.à r.L.	France	100	100
- S.C.I. 21 rue des Archives	France	100	100
- Palocaux S.à r.L.	France	100	100
- Parivolis S.à r.L.	France	100	100
- Plaisimmo S.à r.L.	France	100	100
Vastned Management France S.à r.L.	France	100	100
Vastned Retail Belgium NV	Belgium	65	65
- EuroInvest Retail Properties N.V.	Belgium	65	65
Korte Gasthuisstraat 17 N.V.	Belgium	100	100
Compagnie Financière du Benelux (Belgique) N.V.	Belgium	100	100
Vastned Retail Spain S.L.	Spain	100	100
- Vastned Retail Spain 2 S.L.	Spain	100	100

Scope of consolidation

There were no changes to the scope of consolidation in 2020.

The non-controlling interest recognised in the balance sheet as at 31 December 2020 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 2020 are:

	2020 100%	2020 Non-controlling interests	2019 100%	2019 Non-controlling interests
Balance sheet				
Property	330,427	114,028	360,752	124,493
Other assets	3,661	1,264	2,300	794
	334,088	**115,292**	**363,052**	**125,287**
Equity	235,005	81,099	258,285	89,132
Long-term liabilities	94,607	32,648	96,099	33,163
Short-term liabilities	4,476	1,545	8,668	2,992
	334,088	**115,292**	**363,052**	**125,287**
Profit and loss account				
Net rental income	15,509	5,352	18,633	6,430
Value movements in property	(22,974)	(7,928)	(10,772)	(3,717)
Net result on divestments of property	1,508	520	858	296
Net financing costs	(1,356)	(468)	(2,053)	(709)
General expenses	(1,460)	(504)	(2,099)	(724)
Income tax	220	76	(250)	(86)
Comprehensive income	**(8,553)**	**(2,952)**	**4,317**	**1,490**
Cash flow statement				
Cash flow from operating activities	11,702	4,038	13,883	4,791
Cash flow from investing activities	9,349	3,226	2,358	814
Cash flow from financing activities	(21,177)	(7,308)	(16,199)	(5,590)
Total cash flow	**(126)**	**(44)**	**42**	**15**

A sum of € 5.1 million in dividend was made payable to non-controlling shareholders of Vastned Retail Belgium NV in 2020 (2019: € 5,0 million).

28. 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 10 February 2021.

Company balance sheet as at 31 December

(before profit appropriation)

(€ thousand)

Assets	Note	2020	2019
Property in operation	3	5,080	5,170
Participations in group companies	4	1,144,437	1,211,099
Total fixed assets		**1,149,517**	**1,216,269**
Receivables from group companies	5	175,507	156,666
Debtors and other receivables		407	373
Cash and cash equivalents		56	100
Total current assets		**175,970**	**157,139**
Total assets		**1,325,487**	**1,373,408**

Equity and liabilities	Note	2020	2019
Paid-up and called-up capital	6	95,183	95,183
Share premium reserve	6	468,555	468,555
Revaluation reserve	6	407,503	465,141
Statutory reserve intangible fixed assets	6	435	401
Other reserves	6	(193,141)	(257,981)
Result attributable to Vastned Retail shareholders	6	(41,340)	22,435
Equity Vastned Retail shareholders		**737,195**	**793,734**
Long-term interest-bearing loans	7	533,395	488,235
Financial derivatives	8	2,738	299
Guarantee deposits		58	58
Total long-term liabilities		**536,191**	**488,592**
Payable to banks	7	8,471	2,946
Redemption long-term loans	7	-	62,470
Payable to group companies	9	41,003	22,233
Other liabilities and accruals		2,627	3,433
Total short-term liabilities		**52,101**	**91,082**
Total equity and liabilities		**1,325,487**	**1,373,408**

Company profit and loss account

(€ thousand)

Net turnover	Note	2020	2019
Net rental income	10	237	200
General management expenses	10	(2,357)	(1,923)
Net turnover result		**(2,120)**	**(1,723)**
Other income from participations in group companies	10	1,481	1,170
Value movements in property in operation	10	(90)	57
Total other operating income		**1,391**	**1,227**
Other interest income and similar income	10	4,125	3,867
Interest charges and similar expenses	10	(13,709)	(15,365)
Total interest income and expenditure		**(9,584)**	**(11,498)**
Result before taxes		**(10,313)**	**(11,994)**
Current income tax expense		(8)	(7)
Share in result from participations in group companies	4	(31,019)	34,436
Result after taxes		**(41,340)**	**22,435**

Notes to the company financial statements

1. General information

The company financial statements are part of the 2020 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 Commercial 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

	2020	2019
Balance as at 1 January	5,170	5,113
Value movements	(90)	57
Balance as at 31 December (appraisal value)	**5,080**	**5,170**

4. Participations in group companies

	2020	2019
Balance as at 1 January	1,211,099	1,324,087
Share in result	(31,019)	34,436
Direct changes in equity	(620)	(974)
Payments received	(35,023)	(146,450)
Balance as at 31 December	**1,144,437**	**1,211,099**

As at 31 December 2020, Vastned together with its subsidiaries held 3,325,960 Vastned Retail Belgium shares (31 December 2019: 3,325,960 shares). The net asset value per share on 31 December 2020 was € 46.27 (31 December 2019: € 50.86 per share).

The share price of Vastned Retail Belgium shares was € 24.00 per share as at 31 December 2020 (31 December 2019: € 44.70 per share).

For more details on the participations in group companies, reference is made to 27 *Subsidiaries* in the consolidated financial statements.

5. Receivables from group companies

	2020	2019
Balance as at 1 January	156,666	148,338
Provided to group companies	19,857	15,409
Repaid by group companies	(1,016)	(7,081)
Balance as at 31 December	**175,507**	**156,666**

The receivables from group companies consist of € 115.3 million (31 December 2019: € 115.3 million) in loans provided with interest rates ranging from 2.984% to 3.730% (31 December 2019: 2.984% to 3.730%) and expiring in the years 2021 to 2026 inclusive (31 December 2019: 2020 to 2026 inclusive) and € 60.2 million (31 December 2019: € 41.4 million) in current account relationships at a floating interest rate and without fixed repayment date. Due to the largely short-term character of these receivables and the conditions that apply, these receivables are presented as short-term.

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 1 January 2019	**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	-	-
Share buyback	-	-	-	-	-	(24,920)	-	(24,920)
Balance as at 31 December 2019	**95,183**	**468,555**	**-**	**465,141**	**401**	**(257,981)**	**22,435**	**793,734**
Result	-	-	-	-	-	-	(41,340)	(41,340)
Remeasurement of defined benefit pension obligation	-	-	-	-	-	(620)	-	(620)
Final dividend for previous financial year in cash	-	-	-	-	-	-	(14,579)	(14,579)
Contribution from profit appropriation	-	-	-	-	-	7,856	(7,856)	-
Allocation to revaluation reserve	-	-	-	(57,638)	-	57,638	-	-
Addition to statutory reserve intangible fixed assets	-	-	-	-	34	(34)	-	-
Balance as at 31 December 2020	**95,183**	**468,555**	**-**	**407,503**	**435**	**(193,141)**	**(41,340)**	**737,195**

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 *17 Shareholders' equity* 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:

- **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

	2020				2019			
	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)]	314,958	49,923	364,881	1.76	265,088	99,790	364,878	1.73
• floating interest	168,514	-	168,514	1.39	123,357	-	123,357	1.46
	483,472	**49,923**	**533,395**	**1.64**	**388,445**	**99,790**	**488,235**	**1.66**

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 rate 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 is nil (31 December 2019: € 62.5 million). The amount due as of 31 December 2019 was recognised under short-term liabilities.

The average term of the long-term interest-bearing loans was 3.5 years (31 December 2019: 4.4).

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 charges and the earned interest arising from this of less than € 0.1 million (2019: less than € 0.1 million) accrues to the Company.

The difference between the total amount of interest-bearing debts as presented in the company financial statements and the amount as presented in the consolidated financial statements is explained by the loans taken out by the subsidiary Vastned Retail Belgium N.V. For the movements in interest-bearing debts in 2020, reference is made to *20 Interest-bearing debts* in the consolidated financial statements.

8. Financial derivatives

	2020		2019	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	**-**	**2,738**	**-**	**299**

Fair value of interest rate derivatives, compared to the nominal value of the loans for which the interest rate risk has been hedged:

	2020		2019	
	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	(2,738)	150,000	-	-
Interest rate swaps > 5 years	-	-	(299)	150,000
	(2,738)	**150,000**	**(299)**	**150,000**

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, € 1.5 million concerns asset and property management fees charged by group companies (2019:" € 1.2 million) and other general expenses of € 0.9 million (2019: € 0.7 million), which mainly consisted of consultancy and audit costs, publicity costs and costs related to the stock exchange listed.

Other operating income includes the other income from participations in group companies of € 1.5 million (2019: € 1.1 million), which consists of fees charged to group companies. This also includes the value movements in property of € 0.1 million negative (2019: € 0.1 million positive).

The other interest income and similar income in the amount of € 4.1 million (2019: € 3.9 million) mostly relates to the financing provided to the group companies.

The other interest expenses and similar expenses of € 13.7 million (2019: 15.4 million) consist of the interest paid on the long-term interest-bearing loans and amounts payable to banks, which totalled € 11.3 million (2019: € 13.0 million) and the value movements in financial derivatives of € 2.4 million negative (2019: € 2.4 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	(41,340)
To be added/charged to the reserves	73,067
Available for dividend distribution	**31,727**
Distributed earlier as interim dividend	-
Available for final dividend distribution	**31,727**

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 Corporate Income Tax Act, the Executive Board proposes that a final dividend of € 1.73 per share be distributed in cash for the 2020 financial year. This dividend distribution will total € 29.7 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 10 February 2021.

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.

Audit opinion of the independent auditor

To: the shareholders and supervisory board of Vastned Retail N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of Vastned Retail N.V., based in Amsterdam.

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 2020, and of its result and its cash flows for 2020 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 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2020;
- The following statements for 2020: the consolidated profit and loss account, the consolidated statements of comprehensive income, consolidated statement of movements in equity and consolidated cash flow statement;
- 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 2020;
- The company profit and loss account for 2020;
- 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 Retail N.V. is a listed European retail property company with a focus on venues for premium shopping. The group structure consist of several group components and 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. In 2020 we were forced to perform our procedures to a greater extent remotely due to the Covid-19 measures.
This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 7.5 million (2019: € 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 € 1.5 million (5% of the direct result, 2019: € 1.7 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 € 79,000 for accounts with direct result impact and in excess of € 375,000 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.

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.

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. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud fraud, misappropriation of assets and bribery and corruption. 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 global company, operating in multiple jurisdictions, we considered the risk of bribery and corruption. In our process of identifying fraud risks, we considered whether the Covid-19 pandemic gives rise to specific fraud risk factors. We also refer to the key audit matter "The impact of the Covid-19 pandemic".

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

We performed the following procedures 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. Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism, and specifically focusing on the process followed by management to make the assessment, management bias that could represent a risk, the impact of the lockdown and the (mandatory) closure of non-essential stores have on the company's operations and forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.

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.

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.

Following the Covid-19 pandemic, a new key audit matter 'The impact of the Covid-19 pandemic' has been defined. Included in this key audit matter are revenue recognition and the accounting treatment of rental discounts. As a result, the key audit matter 'Revenue recognition' which was included in our last year's report, is not considered a key audit mater for this year. The key audit matter 'Recognition of sale of property' also included the acquisition of property in previous yearsw, however since Vastned Retail N.V. did not acquire property in 2020, this key audit matter only includes sale of property in 2020. The remaining key audit matters did not change in comparison with previous year.

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.

The impact of the Covid-19 pandemic, note 2.2

Risk	The developments around the Corona (Covid-19) pandemic have a profound impact on people, society and on the economy. This also impacts operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The impact may continue to evolve, causing complexity and inherent uncertainty. Vastned is confronted with this uncertainty, that is disclosed in the notes to the financial statements in note 2.2 *Going concern*, note 13 *Property in operation*, note 15 *Debtors and other receivables* and note 4 *Net rental income*. As a result of the developments around the Covid-19 pandemic, Vastned is confronted with limited available information for evaluating the reasonableness of significant assumptions used in preparing the financial statements. This increases the estimation uncertainty associated with the valuation of property (note 13) and the valuation of the provision for expected credit losses (note 15). Also the waivers of overdue rent (note 4) is an important area of emphasis in our audit as a result of the Covid-19 pandemic.
Our audit approach	We discussed and evaluated the impact of the Covid-19 pandemic on the financial statements of Vastned and focused on the accounts listed above. We audited and challenged management's assessment of the impact on the application of accounting policies, going concern and liquidity and the valuation of several accounts in the financial statements. We designed and performed specific audit procedures responsive to this assessment and were assisted by our internal valuation experts regarding the valuation of property (note 13). Beside, we performed specific audit procedures related to the accurateness of the assumptions used in determining the provision for expected credit losses and of the accounting treatment of the rental discounts provided. In performing our audit procedures we maintained our professional skepticism and remained alert for any possible impact of the Covid-19 pandemic on the financial statements. We analyzed events subsequent to 31 December 2020 to determine whether any events require adjusting amounts recognized in the financial statements. Finally, we evaluated the overall view of the financial statements, including the disclosures, related to the impact of the Covid-19 pandemic.
Key observations	We agree with the management's assessment of the impact of the Covid-19 pandemic and the disclosures in note 2.2 *Going concern*, note 13 *Property in operation*, note 15 *Debtors and other receivables* and note 4 *Net rental income* relating to significant assumptions and estimates in the financial statements as a consequence of the Covid-19 pandemic. We also verified that these disclosures are in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Valuation of property, note 13

Risk	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.
Our audit approach	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.
Key observations	We agree with the assumptions used by the external appraisers and management, the valuation of property and the disclosures as included in the financial statements.

Recognition of sale of property, note 13

Risk	In 2020 Vastned Retail N.V. 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 selling properties, such as ABC transactions and kickback fees.
Our audit approach	We have tested the design effectiveness of internal controls relating to sales of property investments, including proper authorization of transactions and background checks of buyers. We have audited the 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 of property against the applicable reporting standards.
Key observations	We agree with the assumptions used by management regarding the recognition of sale of property and we determined the accurateness and completeness of the disclosures as included in the financial statements. We did not identify any fraud risk in the current year regarding sold properties.

Financing and bank covenants, note 22

Risk	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.
Our audit approach	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 2020 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.
Key observations	We have determined that Vastned Retail N.V. is compliant with required bank covenants as per 31 December 2020 and we determined the accurateness and completeness of the disclosures as included in the financial statements.

Compliance with fiscal laws and regulations, note 9

Risk	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.
Our audit approach	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.
Key observations	We have determined that Vastned Retail N.V. is compliant with key condition of the fiscal regime for investment entities.

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 2020;
- Direct and indirect result;
- EPRA performance indicators;
- Other information;
- Appendices

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 and Section 2:145 sub-section 2 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 and 2:145 sub-section 2 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, 10 February, 2021
Ernst & Young Accountants LLP

Signed by *W.H. Kerst RA*

EPRA performance indicators

8

Financial reporting

Sustainability reporting

Sustainability performance indicators

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	2020	2019	2020	2019
EPRA Earnings	175	1	31,727	35,041	1.85	2.03
EPRA NRV	176	2	833,563	897,145	48.60	52.31
EPRA NTA	176	2	750,833	810,455	43.78	47.25
EPRA NDV	176	2	725,168	787,248	42.28	45.90
EPRA NAV	176	2	751,898	810,855	43.84	47.28
EPRA NNNAV	176	2	726,641	792,420	42.36	46.20
EPRA Net Initial Yield (NIY)	176	3 (i)	4.0%	3.7%		
EPRA 'topped-up' NIY	176	3 (ii)	4.1%	4.0%		
EPRA Vacancy Rate	178	4	3.6%	2.0%		
EPRA Cost Ratio (including direct vacancy costs)	179	5 (i)	24.2%	21.1%		
EPRA Cost Ratio (excluding direct vacancy costs)	179	5 (ii)	23.2%	20.3%		
Capital expenditure	179	6	2,277	16,172		

1) The EPRA performance indicators have been calculated based on definitions as published by EPRA and included in the list of definitions on page 212.

1. EPRA Earnings

	2020	2019
Result as stated in consolidated IFRS profit and loss account	**(44,292)**	**23,925**
Value movements in property	84,390	13,110
Net result on divestments of investment properties	(1,497)	(332)
Financial expenses	-	221
Value movements in financial derivatives	2,091	2,687
Movement in deferred tax assets and liabilities	(4,707)	513
Attributable to non-controlling interests	(4,258)	(5,083)
EPRA Earnings	**31,727**	**35,041**
EPRA Earnings per share (EPS)	**1.85**	**2.03**

2. EPRA Net Asset Value metrics

	31 December 2020					31 December 2019				
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
Equity Vastned Retail shareholders	**737,195**	**737,195**	**737,195**	**737,195**	**737,195**	**793,734**	**793,734**	**793,734**	**793,734**	**793,734**
Hybrid instruments	-	-	-	-	-	-	-	-	-	-
Diluted NAV	**737,195**	**737,195**	**737,195**	**737,195**	**737,195**	**793,734**	**793,734**	**793,734**	**793,734**	**793,734**
Diluted NAV at fair value	**737,195**	**737,195**	**737,195**	**737,195**	**737,195**	**793,734**	**793,734**	**793,734**	**793,734**	**793,734**
Deferred taxes in relation to fair value gains of property	10,635	10,005	-	10,635	1,473	15,264	15,264	-	15,264	5,172
Fair value of financial derivatives	4,068	4,068	-	4,068	-	1,857	1,857	-	1,857	-
Intangible fixed assets	-	(435)	-	-	-	-	(400)	-	-	-
Fair value of fixed-rate interest-bearing debts	-	-	(12,027)	-	(12,027)	-	-	(6,486)	-	(6,486)
Real-estate transfer tax	81,665	-	-	-	-	86,290	-	-	-	
NAV	**833,563**	**750,833**	**725,168**	**751,898**	**726,641**	**897,145**	**810,455**	**787,248**	**810,855**	**792,420**
Fully diluted number of shares	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**
NAV per share	**48.60**	**43.78**	**42.28**	**43.84**	**42.36**	**52.31**	**47.25**	**45.90**	**47.28**	**46.20**

For the sake of comparison with the data published in the past, the EPRA NAV and EPRA NNNAV are still included in the overview in 2020.

	31 December 2020			31 December 2019		
	Fair value	As a percentage of total portfolio	Percentage of excluded deferred taxes	Fair value	As a percentage of total portfolio	Percentage of excluded deferred taxes
The portion of the portfolio that is subject to deferred taxes and that is intended to hold and not to sell in the long run	202,575	14	100	231,397	15	100

3. EPRA Net Initial Yield & EPRA Topped-up Net Initial Yield as at 31 December

	Netherlands		France		Belgium		Spain		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Investment property	642,270	685,560	407,195	415,829	338,802	370,304	90,996	99,670	1,479,263	1,571,363
addition:										
Estimated transaction fees	43,852	47,989	29,422	29,537	8,469	9,258	2,845	2,701	84,588	89,485
Investment value of property (B)	**686,122**	**733,549**	**436,617**	**445,366**	**347,271**	**379,562**	**93,841**	**102,371**	**1,563,851**	**1,660,848**
Annualised gross rental income	31,370	33,277	15,508	12,022	17,977	19,229	3,569	3,673	68,424	68,201
Property outgoings	(3,969)	(4,406)	(544)	(568)	(1,245)	(1,831)	(242)	(240)	(6,000)	(7,045)
Annualised net rental income (A)	**27,401**	**28,871**	**14,964**	**11,454**	**16,732**	**17,398**	**3,327**	**3,433**	**62,424**	**61,156**
Effect of rent-free periods and other lease incentives	945	78	762	3,874	267	804	110	234	2,084	4,990
Topped-up annualised net rental income (C)	**28,346**	**28,949**	**15,726**	**15,328**	**16,999**	**18,202**	**3,437**	**3,667**	**64,508**	**66,146**
(i) EPRA Net Initial Yield (A/B)	4.0%	3.9%	3.4%	2.6%	4.8%	4.6%	3.5%	3.4%	4.0%	3.7%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.1%	3.9%	3.6%	3.4%	4.9%	4.8%	3.7%	3.6%	4.1%	4.0%

4. EPRA Vacancy Rate

31-12-2020	Gross rental income	Net rental income	Lettable floor area (m2)	Annualised gross rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	30,280	26,154	105,575	31,370	1,633	33,085	4.9%
France	14,214	12,749	21,340	15,508	242	17,514	1.4%
Belgium	17,085	15,148	81,903	17,977	718	17,770	4.0%
Spain	3,337	2,967	3,419	3,569	-	3,489	-
Total property	**64,916**	**57,018**	**212,237**	**68,424**	**2,593**	**71,858**	**3.6%**

31-12-2019	Gross rental income	Net rental income	Lettable floor area (m2)	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%**

As at year-end 2020, the EPRA vacancy rate was 3.6%, 1.6% up from 2019. The higher vacancy was attributable to higher vacancy in the Netherlands and Belgium and a decrease of the estimated rental value in particular in Belgium.

5. EPRA Cost Ratios

	2020	2019
General expenses	7,418	8,137
Operating expenses	8,039	6,289
Net service charge expenses	367	244
EPRA costs (including vacancy costs) (A)	**15,824**	**14,670**
Vacancy costs	(617)	(566)
EPRA costs (excluding vacancy costs) (A)	**15,207**	**14,104**
Gross rental income [1]	**65,424**	**69,560**
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	24.2%	21.1%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	23.2%	20.3%

1) Including other income of € 508 (2019: € 272)

In 2020, no operating expenses were capitalised (2019: nil). Vastned capitalises the operating expenses directly attributable to property under renovation during the period that the property under renovation is not available for letting. General expenses (overheads) are not capitalised.

6. Capital Expenditure

	2020	2019
Acquisitions [1]	-	13,749
Development	-	-
Like-for-like portfolio [2]	2,277	2,423
Other	-	-
Total	**2,277**	**16,172**

1) Concerns acquisition of two assets in Amsterdam in 2019.
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). This rapport has two sections:

1. Overarching recommendations;
2. Sustainability performance indicators.

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 of performance data

Please see the EPRA performance tables below for data on every individual performance indicator. Vastned reports gas and electricity consumption data for common areas and vacant units for all properties in its portfolio over which Vastned has operational control as landlord. This excludes the majority of the 282 properties in the portfolio, as they do not have common areas and the tenant has operational control over the property (for more information, see Boundaries and Normalisation below).

Estimation of landlord-obtained utility consumption

The table below provides the estimated environmental data for Vastned portfolio in 2020 and 2019. For 2019, some data is based on extrapolation of 2018 data. All data used for the 2020 calculations is based on actual consumption data from 2020. For lettable units where data was missing for part of 2020, the data was extrapolated. 15% of the data for the environmental performance indicators for Vastned's own offices have been estimated for 2020 and 2019.

Estimated portfolio data	2020	2019
Elec-Abs	31%	71%
Elec-LfL	24%	73%
Fuels-Abs	52%	29%
Fuels-LfL	25%	3%

Third party assurance

No third-party assurance is available.

Boundaries – reporting on landlord and tenant consumption

The consumption reported includes only energy that Vastned purchases as landlord. Consumption by the tenant is not taken into account.

Analysis – normalisation

In 2019, intensity indicators were calculated based on floor areas (sqm) for entire buildings, including floor areas over which Vastned has no operational control. Vastned is aware there is a mismatch between the nominator and denominator in our methodology for calculating intensities. To improve our reporting standard in 2020, Vastned has used the floor areas (sqm) over which it has actual operational control.

Tenants receive bills for the major part of each building; Vastned only receives bills for common areas and vacant units in the Netherlands, for which data has been provided (see table '*EPRA portfolio*' on pages 184 and 185).

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 conducted a segmental analysis on two types of properties: shopping centres and high street shops. Since 2019, there has been no segmentation since most of the shopping centres have been sold and now form only a small part of the portfolio, so segmentation would not provide meaningful analysis (see table '*EPRA portfolio*' on pages 184 and 185).

Disclosure on own offices

The offices that Vastned uses for its own business are reported separately to our portfolio. Please see '*EPRA own offices*' on pages 186 and 187.

Narrative on energy performance

Elec-Abs and Fuels-Abs: Vastned has observed an increase in the total consumption of electricity and natural gas. This increase can be explained by the decline of the occupancy rate in 2020, which gave Vastned operational control over several properties in 2020 and raised the measurable consumption of electricity and natural gas in 2020.

Elec-LfL: the increase in Elec-LfL consumption can be explained by new lettings at Voorstraat 10 in Hardenberg, Grote Markt 29 / Korte Brugstraat 2 in Breda and Dr. Huber Noodtstraat 2 in Doetinchem. Activities in these buildings related to the new leasing and preparation of the lettable units led to an increase in electricity consumption.

Fuels-LfL: the increase in Fuels-LfL consumption can be explained by the new lettings of Spoorstraat 25 in Haaksbergen, Schoenmakerstraat 10 in Roermond and Voorstraat 10 in Hardenberg. Activities in these properties relating to the new letting and the preparation of the unit led to an increase in natural gas consumption.

Energy-Int: Vastned acknowledges that there is room for improvement within the portfolio and aims to continue to improve the sustainability performance of the portfolio. The completed sustainable renovation projects for 2020 are presented below. Three apartments were created by means of a conversion and fourteen apartments were renovated in Amsterdam, Utrecht, Antwerp and Bordeaux. Vastned aims to improve the energy efficiency, living comfort and safety of the apartments by renovating them. Energy efficiency is measured using an EPC.

Sustainable renovation projects in 2020

Vinkenburgstraat 2bis, Utrecht
This project concerns the renovation of three studio apartments, which was completed in early February 2020. The EPC improved from G to C.

Leysstraat 17, Antwerp
This apartment was thoroughly renovated and completed in February 2020.

Van Baerlestraat 86.3, Amsterdam
This apartment was renovated whereby the EPC improved from E to A. It was completed in March 2020.

Ferdinand Bolstraat 101.1, Amsterdam
This project concerns a small-scale renovation of an apartment where the EPC remained unchanged at C. The project was completed in March 2020.

Van Baerlestraat 108.2, Amsterdam
This project concerns a renovation and a division of an apartment into two. The EPC improved from E to A and the project was completed in May 2020.

1e Jan van der Heijdenstraat 88a-2, Amsterdam
This apartment was sustainably renovated, with the EPC label improving from G to B. The project was completed in June 2020.

20 Rue Sainte Catherine, Bordeaux
This project concerned the renovation of three apartments in July, September and October 2020. There was no improvement in the EPC labels.

Rue de Rivoli 102, Paris
This concerned a conversion of the first floor of the building into an office. The project was completed in July 2020.

Amstel 8.1, Amsterdam
This project concerned the renovation of an apartment and was completed in September 2020. The EPC improved from G to C.

Ferdinand Bolstraat 65.2, Amsterdam
This concerned a minor renovation of an apartment. The energy label remained the same and the project was completed in October 2020.

Leysstraat 28, Antwerp
This apartment was renovated and completed in November 2020. The EPC went up from C to B.

Schuttershofstraat 30, Antwerp
Two apartments were created at this location, and the project was completed in December 2020.

GHG Dir, GHG-Indir and GHG-Int: the increase in GHG-Dir (Scope 1) and GHG-Indir (Scope 2, location-based) is related to the respective increase in absolute consumption of fuels and electricity described above. Vastned tries to reduce its Scope 1 and 2 greenhouse gas emissions by reducing energy consumption under our operational control and by purchasing renewable energy. In 2019 and 2020, Vastned purchased 100% renewable electricity for the consumption of properties under our operational control.

In 2021, Vastned will continue to improve a selection of the portfolio through sustainable renovation projects. In 2021, Vastned will also put more emphasis on renovation projects of commercial premises consuming more than 50K kWh of electricity per year. Below, all sustainable renovation projects planned for 2021 are described.

Sustainable renovation projects in 2021

Govert Flinckstraat 118-3, Amsterdam
This project concerns renovation of an apartment. After the renovation, the energy label is expected to rise from G to A.

Zakkendragersteeg 42A t/m E en Vredenburg 9, Utrecht
Five apartments will be created on the first floor of this building. The expected completion date is March 2021.

Ferdinand Bolstraat 109.1, Amsterdam
Ferdinand Bolstraat 79.2, Amsterdam
Ferdinand Bolstraat 97-1, Amsterdam
Ferdinand Bolstraat 109.2, Amsterdam
These apartments will undergo a thorough renovation and are expected to be completed in the second quarter of 2021.

Choorstraat 13, Utrecht
This project concerns the division of an apartment into two or three apartments. Vastned expects these apartments to be completed in the third quarter of 2021.

Rechtestraat 25, Eindhoven
Three apartments will be created on the first floor of this building. The expected completion date is the third quarter of 2021.

Vinkenburgstraat 2, Utrecht
Drieharingstraat 6-8, Utrecht
Orionstraat 137-159, Eindhoven
Mozartlaan / van der Molenallee, Doorwerth
Vredenburg 9, Utrecht
For these five properties Vastned will take several energy-saving measures that will pay for themselves within five years. The properties will be insulated and smart meters will be installed that automatically regulate the lights and heating.

Narrative on gender pay

Vastned does not report diversity data on remuneration for 'other direct employees'. Since Vastned employed only 37 FTEs at year-end 2020, there are no male and female employees in the same position and with the same experience. Their salaries are not comparable as they are determined on the basis of position, seniority and years of service with Vastned.

Vastned has defined a diversity policy [1] that aims to create equal opportunities for everyone in the organisation. This ambition is put into practice by the intention that the Executive Board, the Supervisory Board and the Management Team consist of at least 30% women and at least 30% men.

Narrative on employee turnover

Vastned noted a decrease in Emp-Turnover in 2020 compared to 2019. The high Emp-Turnover in 2019 was accidental and understandable on an individual basis without a common reason. Vastned endeavours to retain talent with talent programmes, welfare programmes and a bonus system. For a detailed overview of how Vastned attracts talent, see *Stakeholder Dialogue* on page 28 and *Organisation* on page 52.

Narrative on performance appraisal

Every year, a performance review and an assessment interview is held with every employee. During these meetings challenging targets are set for the employee in mutual consultation that are geared towards Vastned's objectives as well as 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, which are determined based on the degree to which targets are achieved. In this way, Vastned aims to further align the interests of the employees and the shareholders.

The remuneration and nomination committee is charged with evaluating the members of the Executive Board and the Supervisory Board. This committee is also responsible for annually accounting for the remuneration policy.

Location of EPRA sustainability performance indicators

EPRA environmental sustainability performance indicators can be found in the table '*EPRA Portfolio*' on pages 184 and 185, and '*EPRA own offices*' on pages 186 and 187 of this report. EPRA governance and social performance performance indicators can be found in the table '*EPRA social governance*' on pages 188 and 189 of this report.

1) www.vastned.com/Upload/Diversity-Policy-per-01.03.2021.pdf

Narrative on employee training

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 employees to be fundamental to a well-functioning organisation. This is why Vastned is investing in training, health and social engagement of its employees. Vastned pays for half of employees' gym memberships and employees are encouraged to refresh their knowledge and take relevant training courses regularly. In 2020, 15 employees (38%) attended a training course. This equalled 14.25 FTEs with 1071 hours spent on training.[2] This is an average of 75 hours per FTE and is divided among four departments: administrative (42%), finance and accounting (36%), portfolio management (18%) and legal (4%). In 2018, Emp-Training was not reported as Vastned did not have formal systems to collect this data.

Reporting period

Vastned provides two years of performance data covering the 2019 and 2020 calendar year 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 under the scope of operational control as defined above. 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.

The tenants of Vastned are engaging with the community on a daily basis. The tenants are a very important stakeholder for Vastned and Vastned encourages commercial tenants to be socially and environmentally responsible. Vastned has included green and ethical clauses in new leases in order to make 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.

2) Training is defined as education, training and course provided by an external party outside Vastned's organization.

Stakeholder dialogue

Page 28 of this report contains Vastned's stakeholder dialogue and the materiality matrix. It shows how Vastned actively engages with its stakeholders and creates long-term value for its stakeholders and society (see the *Value creation model* on page 24 and *Stakeholder dialogue* on page 28).

Sustainability performance measures

EPRA portfolio

Indicator	EPRA	Unit of measure	2020	2019	Coverage	Change
Total electricity consumption	Elec-Abs	kWh	623,306	445,700	77 out of 77	40%
	(% from renewable sources)	%	100	100		-
Like-for-like electricity consumption	Elec-LfL	kWh	481,565	436,021	61 out of 61	10%
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	Fuel-Abs	kWh	937,791.6	723,025.7	56 out of 56	30%
	(% from renewable sources)	%	0	0		-
Like-for-like consumption from fuel	Fuels-LFL	kWh	633,810.5	503,872.9	27 out of 27	26%
Building energy intensity	Energy-Int	kWh/m^2	26.4	10.1	60 out of 60	162%
Direct GHG emission (total) Scope 1	GHG-Dir-Abs	tCO_2e	173	131	56 out of 56	32%
Indirect GHG emission (total) Scope 2 (location based)	GHG-Indir-Abs	tCO_2e	273	207	77 out of 77	32%
Building GHG emissions intensity	GHG-Int	tCO_2e/m^2	0.019	0.004	77 out of 77	380%
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 or incinerated	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 or incinerated	n/a	n/a	n/a	n/a
Type and number of assets certified	Cert-Tot	% of portfolio certified OR number of certified assets	72%	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	11%
B	9%
C	16%
D	24%
E	16%
F	7%
G	14%
H	1%
I	1%

The GHG emissions of the portfolio have been calculated based on a conversion factor provided by the IEA from 2018 and 2019 (for electricity) and https://www.co2emissiefactoren.nl/lijst-emissiefactoren for fuels.

Scope 1 emissions include fuel consumption and Scope 2 emissions include electricity consumption.

Last year, Fuels-Abs was presented in m3 and not in kWh. For this reason, the 2019 figures have been corrected.

EPRA own offices

Consumption	EPRA indicator	Unit	Netherlands	Belgium	France	Spain	Total	Coverage
Electricity	Elec-Abs	kWh	50,302	15,930	24,836	3,100	94,168	4 out of 4
Heating - Gas	Gas-Abs	m^3	2,340	1,585	-	1,250	5,175	4 out of 4
CO_2e	GHG-Dir	Tonnes (location-based) [2)]	4.68	2.99	0	2.35	10.02	4 out of 4
CO_2e	GHG-Indir	Tonnes (location-based) [2)]	27.97	8.86	13.81	1.72	52.36	4 out of 4
Water	Water-Abs	m^3	93	40	6	1	139	4 out of 4
Paper	Waste-Abs [1)]	Kg	601	190	349	25	1,165	4 out of 4
Flights	n/a	Tonnes CO_2e	3	0	4	0	7	4 out of 4
Car - Petrol	n/a	Km	-	-	-	2,180	2,180	3 out of 4
Car - Diesel	n/a	Km	-	83,345	-	3,270	86,615	3 out of 4
Car - Petrol	n/a	Litres	11,448	-	-	-	11,448	1 out of 4
Car - Diesel	n/a	Litres	5,796	-	-	-	5,796	1 out of 4
Train business	n/a	Km	3,858	-	79,490	-	83,348	4 out of 4
Train commuting	n/a	Km	93,713	-	122,587	-	216,299	4 out of 4

1) Waste-Abs: Vastned only has data on paper waste.
2) Own office CO_2e conversion factors are based on data provided by the Climate Neutral Group in the Netherlands.
All company offices are leased and therefore are not part of the investment portfolio. For this reason, the environmental performance is reported separately. This data concerns our offices in Belgium, France, Spain and the Netherlands.
Taking all EPRA indicators together, Vastned's CO_2e emissions total 144 CO_2e tonnes.

EPRA social governance

Indicator	EPRA	Type of assets	Unit of measure	2020	2019	Coverage
Gender diversity	Diversity-Emp	Corporate operations	% of employees	66.6% Male, 33.3% Female	50% Male, 50% Female	Supervisory Board
				100% Male	100% Male	Executive Board
				42% Male, 58% 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
Employee training	Emp-Training	Corporate operations	Hours spent per FTE	75	n/a	Direct employees
New hires this year	Emp-Turnover	Corporate operations	Total number	4	6	Direct employees
			Percentage	10%	16%	
Turnover			Total number	2	16	
			Percentage	5%	39%	
Number of injuries [3]	H&S-Emp	Corporate operations	Total number	0	0	Direct employees
Lost day rate as a % of FTEs			hours sick as a percentage of planned hours (FTE)	0.9%	5.4%	
Sickness absence rate [4]			hours sick as a percentage of planned hours (FTE)	0.9%	5.4%	
Fatalities			Total number	0	0	
Health and safety assessments	H&S-Asset	Corporate operations	n/a [5]	n/a	n/a	n/a
Health and safety compliance	H&S-Comp	Corporate operations	n/a [5]	n/a	n/a	n/a
Board composition	Gov-Board	Corporate operations	Total number of Executive board members	1	2	Supervisory Board and Executive Board
			Total number of Supervisory board members (independent)	3	4	
			Average tenure (years) of Supervisory Board [6]	4.7	4.8	
			Total number with competencies relating to environmental and social topics	0	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. The Supervisory Board draws up nominations for the appointment of new members to the Supervisory Board. Compentencies in the area of environmental and social topics will be taken into consideration in the selection and appointment of future members of the Supervisory Board.		Supervisory Board
Conflicting interests	Gov-CoI	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 2020 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 59 of this 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) Vastned is currently unable to report this performance measure.
3) Given the limited number of staff employed by Vastned we report the total number of injuries rather than the injury rate.
4) Total number of days lost compared to the total number of days planned by Vastned for the same period.
5) Vastned ensures that all mandatory H&S assessments are fully complied with (such as fire safety, escape routes, ventilation, etc.). For most of its properties Vastned has a technical building manager who is responsible for this. Reporting these figures falls outside the scope of the Vastned's operational control.
6) A supervisory director will resign no later than just after the Annual General Meeting in the fourth financial year following the financial year in which he or she was appointed. A Supervisory Board member who has stepped down can be reappointed forthwith, but only serve for a maximum of twelve years.

Appendices

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	0	0
	Grotestraat 83-85	1994	1850	255	0	0
	Grotestraat 97b / Koornmarkt 3-5 and 9-11	1993	1920	1,132	4	0
Amersfoort	Langestraat 8	1990	1900	409	0	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	0	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	3
	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 Barberenstraat 4	2019	1923	1,233	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	2	3
	Spuistraat 3E and 3F	2017	1900	189	1	0
	Van Baerlestraat 86	1994	1800	90	1	2
	Van Baerlestraat 108-110	1990	1800	265	1	5

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	3	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
Doetinchem	Dr. Huber Noodtstraat 2	1997	1968	1,840	3	0
	Korte Heezenstraat 6 / Heezenpoort 13-15 and 21	1994	1985	310	4	0
Doorwerth	Mozartlaan 52-66 / van der Molenallee 107-125	1997	2007	3,395	11	0
Eerbeek	Stuyvenburchstraat 44	1997	1965	350	1	2
Eindhoven	Orionstraat 137-159	1993	1973	3,102	5	0
	Rechtestraat 25	1992	1930	100	1	0
	Rechtestraat 44-48	1988	1966	3,273	2	0
Emmeloord	Lange Nering 65	1993	1960	275	0	1
Enschede	Kalanderstraat 6	1993	1950	124	1	0
Goor	Grotestraat 61 and 63	1994	1910	859	2	1
Haaksbergen	Spoorstraat 45	1997	1986	800	1	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	3	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	1	0
Ridderkerk	St. Jorisplein 30		1994	1970	478	2	0
Roermond	Steenweg 1C / Schoenmakersstraat 2, 10-16 and 18		1986	1980	2,497	7	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 Spaland	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	3,047	8	0
	Lange Elisabethstraat 6		1987	1850	113	0	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	9	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	1	3
	Steenweg 31-33 / Hekelsteeg 7		2013	1450	790	1	0
	Vismarkt 4		2017	1900	308	1	0
	Vredenburg 1		2018	1900	264	1	0
	Vredenburg 9, 9a, 9b		2016	1900	1,308	2	4
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
Winterswijk	Dingstraat 1-3		1998	1900	2,335	1	0
	Misterstraat 8-10 / 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

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)
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				**105,575**	**260**	**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	0	0
	Cours de l'Intendance 60	2013	1900	501	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	4	3
	Rue Sainte Catherine 35-37	2011	1900	343	1	0
	Rue Sainte Catherine 39	2011	1900	328	1	4
	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	1	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

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Nice	Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	2001	1950	362	1	0
Paris	Rue d'Alésia 123	2006	1956	419	1	0
	Rue de Rennes 146	2016	1900	195	1	0
	Rue de Rivoli 102	2012	1900	1,349	4	0
	Rue de Rivoli 118-120, Rue du Plat d'Etain 19 and Rue Pernelle 5	1998	1997	3,478	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				**21,340**	**72**	**40**

Belgium [1)]

City	Location		Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of rental units (residential)
Aalst	Albrechtlaan 56	2)	2000	> 1980	1,000	1	0
	Brusselsesteenweg 41		2007	> 1980	770	1	0
	Nieuwstraat 10		1998	< 1950	145	1	0
Aartselaar	Antwerpsesteenweg 13 / 4		2000	> 1980	1,334	1	0
Antwerp	Armeduivelstraat 6		2015	< 1950	132	1	0
	De Keyserlei 47		2000	< 1950	62	1	0
	De Keyserlei 49		2000	< 1950	102	1	0
	Graanmarkt 13		2015	< 1950	887	2	0
	Groendalstraat 11		2000	< 1950	39	1	0
	Huidevettersstraat 12-14		1994	< 1950	684	1	0
	Korte Gasthuisstraat 17		2015	< 1950	823	1	0
	Korte Gasthuisstraat 27		2000	< 1950	145	1	0
	Leysstraat 17		2000	< 1950	325	2	2
	Leysstraat 28-30		1997	< 1950	1,641	2	5
	Meir 99		1996	< 1950	583	1	0
	Schuttershofstraat 22		2015	< 1950	272	1	0
	Schuttershofstraat 24		2000	< 1950	190	1	0
	Schuttershofstraat 30		2000	< 1950	50	1	1
	Schuttershofstraat 32 / Arme Duivelstraat 2		2000	< 1950	54	1	0
	Schuttershofstraat 55		2015	< 1950	139	1	0
	Steenhouwersvest 44-46-48		2017	1950 - 1980	910	3	4
Boechout	Hovesesteenweg 123-127		2002	> 1980	1,230	1	0
Bruges	Steenstraat 38		2013	< 1950	697	1	0
	Steenstraat 80		1998	< 1950	2,697	1	0
Brussels	Elsensesteenweg 16		1996	< 1950	1,222	2	0
	Elsensesteenweg 41-43		1998	< 1950	6,809	6	0
	Louizalaan 7		2000	< 1950	616	1	0
	Nieuwstraat 98		2001	< 1950	201	1	0
Drogenbos	Nieuwe Stallestraat 217		2007	> 1980	530	1	0
Genk	Hasseltweg 74		2002	> 1980	2,331	3	0
Ghent	Veldstraat 23-27		2014	< 1950	2,050	1	0
	Veldstraat 81		1998	< 1950	675	1	0
	Volderstraat 15		1993	< 1950	280	1	0
	Zonnestraat 10		1998	< 1950	519	1	2
	Zonnestraat 6-8		1998	< 1950	3,484	1	0
Grivegnée	Rue Servais Malaise 31		2002	> 1980	2,000	1	0
Huy	Rue Joseph Wauters 3	2)	2007	> 1980	1,000	2	0
Jemappes	Avenue Wilson 510		2007	> 1980	900	2	0
Kampenhout	Mechelsesteenweg 38-42		1999	> 1980	3,322	3	0
Korbeek-Lo	Tiensesteenweg 378	2)	2007	> 1980	990	2	0
Leopoldsburg	Lidostraat 7		1999	> 1980	1,850	1	0
Leuven	Bondgenotenlaan 69-73		2001	< 1950	1,495	2	0
Liège	Rue Pont d'Ile 45		1998	< 1950	55	1	0
	Rue Pont d'Ile 49		1998	< 1950	375	1	0
Mechelen	Bruul 39-41		2000	< 1950	361	2	0
	Bruul 42-44		2001	< 1950	3,426	1	0
	Borzestraat 5		2001	< 1950	145	1	0
Moeskroen	Petite Rue 18		1998	< 1950	235	1	0
Mons	Grand Rue 19		2000	< 1950	185	1	0
Montignies-sur-Sambre	Rue de la Persévérance 14		2007	> 1980	750	1	0
Namur	Galerie Jardin d'Harscamp		2011	1950 - 1980	2,270	9	0
Philippeville	Zoning des Quatre Bras		1999	> 1980	3,689	5	0
Tielt-Winge	Retailpark 't Gouden Kruispunt		1999-2002	> 1980	18,096	21	0
Turnhout	Gasthuisstraat 32		1996	< 1950	505	1	0
Waver	Boulevard de l'Europe 41		2007	> 1980	860	1	0
	Rue du Commerce 26		1998	< 1950	242	1	0
	Rue du Pont du Christ 46 / Rue Barbier 15		1998	< 1950	319	1	0
Wilrijk	Boomsesteenweg 666-672		2000	> 1980	5,205	3	0
TOTAL PROPERTY IN OPERATION BELGIUM					**81,903**	**112**	**14**

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	0
Madrid	Calle de Fuencarral 23	2006	< 1950	256	1	0
	Calle de Fuencarral 25	2006	< 1950	120	1	0
	Calle de Fuencarral 27	2018	< 1950	128	1	0
	Calle de Fuencarral 37	2016	< 1950	611	1	0
	Calle José Ortega y Gasset 15	2016	< 1950	396	1	0
	Calle Serrano 36	1999	< 1950	615	1	0
Málaga	Plaza de la Constitución 9	2010	< 1950	273	1	0
TOTAL PROPERTY IN OPERATION SPAIN				**2,990**	**8**	**0**

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)
Spain						
Madrid	Calle Tetuán 19 / Calle Carmen 3	2002	< 1950	429	1	0
TOTAL ASSETS HELD FOR SALE				**429**	**1**	**0**
TOTAL PROPERTY				**212,237**	**453**	**246**

Shareholder information

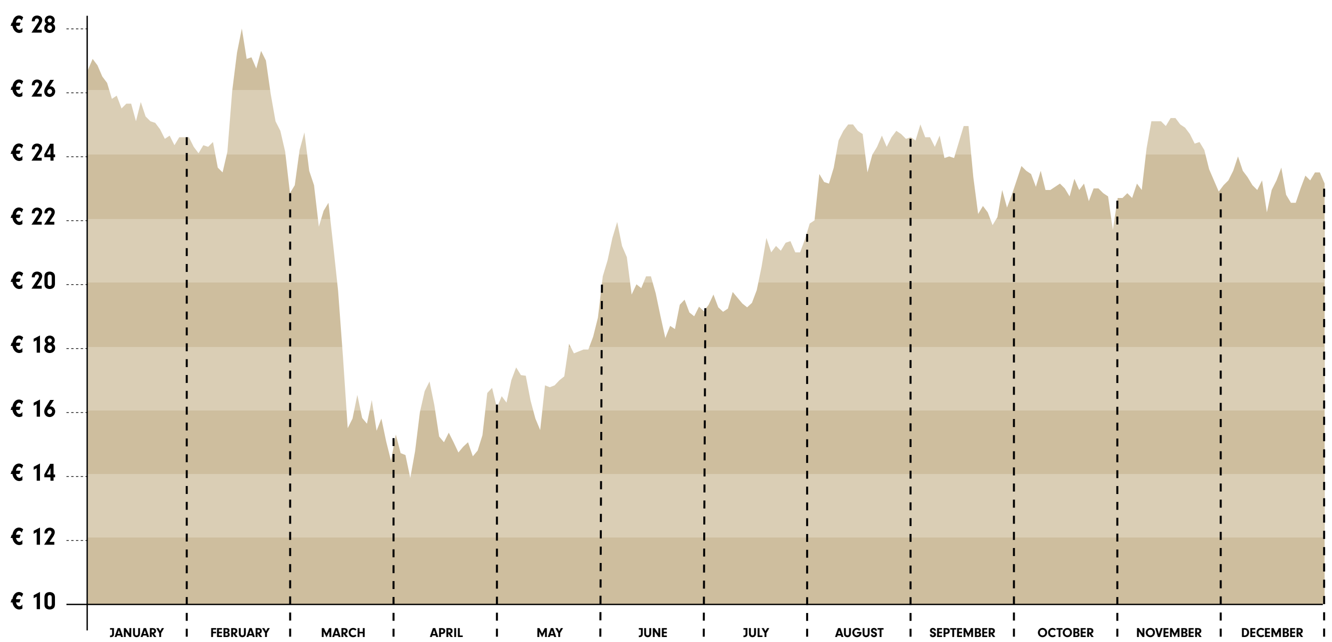
ISIN code NL0000288918
Reuters VASN.AS
Bloomberg VASTN.NA

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 2020. 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 2020. No shares were issued in 2020.

At year-end 2020, Vastned's market capitalisation, being the number of shares in issue multiplied by the share price, was € 397 million. The average daily trading volume in 2019 was € 1.2 million, or approximately 57,000 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 86%, took place on Euronext Amsterdam. Other trading platforms used: Aquis Exchange (6%), Equiduct (3%), Cboe CXE 2%, Cboe BXE 2% and Turquoise 1%.

Movement Vastned share in 2020



Share price information	2020	2019	2018	2017	2016
Market capitalisation at year-end (€ millions)	397	458	560	786	702
Lowest closing price	€ 13.94	€ 25.00	€ 30.25	€ 32.98	€ 33.90
Highest closing price	€ 28.00	€ 35.60	€ 42.40	€ 41.90	€ 42.60
Closing price (year-end)	€ 23.15	€ 26.70	€ 31.30	€ 41.30	€ 36.86
Average daily trading volume on Euronext (shares)	57,000	27,000	34,000	47,000	31,000

Key data per share	2020	2019	2018	2017	2016
Direct result	€ 1.85	€ 2.03	€ 2.22	€ 2.22	€ 2.42
Indirect result	€ (4.26)	€ (0.73)	€ 0.04	€ 2.89	€ (1.03)
Dividend	€ 1.73 1)	€ 1.43	€ 2.05	€ 2.05	€ 2.05
Net asset value	€ 42.98	€ 46.28	€ 46.40	€ 46.12	€ 42.26

1) Subject to approval from the Annual General Meeting of shareholders on 15 April 2021.

Dividend

Following approval from the Annual General Meeting on 25 June 2020, Vastned on 13 July 2020 distributed a final dividend for 2019 of € 0.85 per share. The total dividend for 2019 was € 1.43 per share. Due to the uncertainty caused by COVID-19 it was decided not to distribute any interim dividend in 2020.

Vastned proposes to the Annual General Meeting of shareholders to declare a total dividend of € 1.73 per share for the full calendar year 2020. This equates to 93.5% 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 2020 opening price was € 26.75. Over the year the share price ranged between € 13.94 and € 28.00, and closed the year at € 23.15. Vastned distributed a final dividend of € 0.85 per share for 2019, but no interim dividend for 2020, taking the total shareholder return (price movement and dividend payment) for 2020 to 10.3% negative, from 8.6% negative in 2019.

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 2020:

	Interest	AFM report date
Van Herk Investments B.V.	24.98%	21 August 2018
BlackRock Inc.	3.99%	20 November 2020
Tikehau Capital Advisors SAS	3.05%	24 July 2020
Société Fédérale de Participations et d'Investissement (SFPI)	3.02%	21 January 2016
Welgelegen Beheer BV	3.00%	16 March 2020

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 2020
Reinier Walta (Executive Board)	2,000
Marc C. van Gelder (chairman Supervisory Board)	7,100
Jaap G. Blokhuis (member Supervisory Board)	1,000

Treasury shares

In 2018 and 2019, Vastned completed a share buyback programme. The repurchased shares are being held as treasury shares. In 2020, Vastned did not buy back any of its own shares, so that the number of repurchased shares at year-end 2020 remained unchanged from year-end 2019, i.e. 1,884,670 shares.

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.

Furthermore, the Executive Board and/or the Investor Relations Manager have frequent contacts with current and potential shareholders and other market parties. Such contacts usually take place during (virtual) roadshows, in broker conferences, during property viewings, in video meetings 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.

In 2020, Vastned's 2019 annual report won the company a 'Gold Award' from the European Public Real Estate Association (EPRA). It was the tenth time that Vastned received a Gold Award for its annual report. 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 2019, Vastned reported in accordance with EPRA's Sustainability Best Practice Recommendations' (sBPR). In 2020, Vastned received its fourth consecutive Gold Award from EPRA as the highest recognition in this area.

Sell-side analysts

Vastned's developments are followed by six 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 2021

11 February	Annual results 2020 and strategy update
4 March	Annual report 2020
15 April	Annual General Meeting
19 April 20 April 6 May	Ex final dividend date 2020 Final dividend record date 2020 Payment date final dividend 2020
5 May	Q1 trading update 2021
28 July	Half-year results 2021
3 August 4 August 18 August	Ex interim dividend date 2021 Interim dividend record date 2021 Payment date interim dividend 2021
26 October	9M trading update 2021

GRI Content Index Vastned – Core

GRI SRS	Disclosure	Reference Annual Report 2020
GRI 102: General Disclosures 2016		
1. Organizational profile		
102-1	Name of the organisation	• Profile (pg 11)
102-2	Main brands, products and/or services	• Profile (pg 11)
102-3	Location of headquarters of the organisation	• Contact details (pg 216)
102-4	Number of countries where the organisation has operations	• Profile (pg 11) • Strategy (pg 21)
102-5	Ownership and legal form	• Profile (pg 11)
102-6	Markets served	• Profile (pg 11) • Stakeholders (pg 27) • Strategy (pg 21)
102-7	Scale of the reporting organisation	• Key figures (pg 14) • Key portfolio figures (pg 15)
102-8	Staff composition	• Employees (pg 53)
102-9	Description of the organisation's supply chain	• Value creation model (pg 24)
102-10	Significant changes to the organisation and its supply chain	• Key events 2020 (pg 12)
102-11	Explanation on the application of the precautionary principle by the reporting organisation	• Risk management (pg 65)
102-12	Externally developed economic, environmental and social charters, principles that are endorsed by the organisation	• Sustainability - principles (pg 51) • Reporting (pg 54)
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 51) • Sustainability framework (pg 30)
4. Governance		
102-18	Governance structure of the organisation	• Corporate governance (pg 59) • Composition of the management team (pg 208)

GRI SRS	Disclosure	Reference Annual Report 2020
GRI 102: General Disclosures 2016		
5. Stakeholder engagement		
102-40	List of List of stakeholder groups engaged by the organisation	• Stakeholders (pg 27)
102-41	Employees subject to a collective labour agreement	• Employees (pg 53)
102-42	Principles for identifying and selecting stakeholders	• Stakeholders (pg 27)
102-43	Approach to stakeholder engagement	• Stakeholder dialogue (pg 28)
102-44	Key topics and concerns raised	• Stakeholder dialogue (pg 28)
6. Reporting		
102-45	Entities included in the consolidated financial statements who are not included in the report	• Financial statements (pg 102)
102-46	Process and principles used for defining report content and topic boundaries	• Reporting (pg 54-55) • Stakeholders (pg 27) • Materiality matrix (pg 29)
102-47	Material topics determined in the process to define the content of the report	• Materiality matrix (pg 29)
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 29)
102-50	Reporting period	• Contents (pg 3)
102-51	Date of most recent previous report	• Contents (pg 3)
102-52	Reporting cycle	• Reporting (pg 54-55)
102-53	Contact point for questions regarding the report or its contents	• Contact details and colophon (pg 216)
102-54	Claims of reporting in accordance with the GRI Standards	• Reporting (pg 54-55)
102-55	GRI Content Index	• GRI Index (pg 204-207)
102-56	Policy on external assurance	• Reporting (pg 55)

GRI SRS	Disclosure	Reference Annual Report 2020
Topic Specific Standards		
Stable and predictable long-term results		
103	Management approach	• Our business model (pg 26) • Materiality matrix (pg 29) • Strategy (pg 21) • Our objectives and results (pg 32) • Sustainability framework (pg 30)
Own indicator	Direct result	• Our objectives and results (pg 32)
Own indicator	Loan-to-value	• Our objectives and results (pg 32)
Own indicator	Ratio of loans with fixed vs floating interest rate	• Our objectives and results (pg 32)
Own indicator	Ratio of non-bank financing	• Our objectives and results (pg 32)
Transparent and honest communication		
103	Management approach	• Reporting (pg 54-55) • Materiality matrix (pg 29) • Stakeholders (pg 27) • Sustainable Development Goals (pg 31) • Tone at the top (pg 66)
Own indicator	Own indicator Score on transparency benchmark and Tax transparency benchmark	• Reporting (pg 54-55) • Our objectives and results (pg 32)
Ethical business operations		
103	Management approach	• Materiality matrix (pg 29) • Sustainable Development Goals (pg 31) • Principles (pg 51) • Contribution to society (pg 51) • Code of conduct and associated regulations (pg 66)
205-3	Reported incidents of corruption	• Our objectives and results (pg 32)
Own indicator	Ratio of employees who have taken training on anti-corruption and disclosure of non-ublic info	• Our objectives and results (pg 32)
Own indicator	Ratio of employees who confirm compliance with code of conduct	• Our objectives and results (pg 32)

GRI SRS	Disclosure	Reference Annual Report 2020
Topic Specific Standards		
Open and inclusive culture		
103	Management approach	• Materiality matrix (pg 29) • Sustainable Development Goals (pg 31) • Organisation (pg 23) • Code of conduct and associated regulations (pg 66) • Diversity policy and objectives (pg 32)
405-1	Diversity of governance bodies and employees	• Our objectives and results (pg 32)
406-1	Incidents of discrimination and action taken	• Our objectives and results (pg 32)
Sustainable and efficient buildings		
103	Management approach	• Materiality matrix (pg 29) • Sustainable Development Goals (pg 31) • Sustainability (pg 50-58) • EPRA performance indicators (pg 184)
Own indicator	Growth of ratio of assets with an EPC	• Our objectives and results (pg 32)
Own indicator	Raising the number of leases with a green and ethical clause in the biggest European cities	• Our objectives and results (pg 32)
Own indicator	Ratio of renovations with attention for energy and water efficiency	• Our objectives and results (pg 32)
305-1	Scope 1 emissions	• EPRA indicators (pg 184-189)
305-2	Scope 2 emissions	• EPRA indicators (pg 184-189)

Composition of the Management Team

Mr Reinier Walta MSRE
(1974/M)

Interim CEO, CFO and
Statutory Director,
Chairman of the Management Team

Nationality
Dutch
Appointments
2014, 2018 (current term ends 2022)
Committees
Sustainability task force (chairman)
Other positions as at 31 December 2020
Interim CEO Vastned Retail Belgium NV, Co-CFO Vastned Retail Belgium NV, Treasurer of the 'Vereniging ter behartiging van de gezamenlijke belangen van beursgenoteerde fiscale vastgoedbeleggingsinstellingen'
Relevant experience
ADIA (Senior Transaction Manager), ING Real Estate Investment Management (Director), ING Real Estate (Senior Tax Manager), PwC (property tax lawyer)
Number of Vastned shares
2,000

Ms Peggy G. Deraedt
(1970/V)

Director Legal,
Member of Management Team

Nationality
Belgian
In current position since
1 April 2004
Committees
–
Other positions as at 31 December 2020
Member of the board of directors Vastned Retail Belgium NV
Relevant experience
NautaDutilh (lawyer)
Number of 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 2020
–
Relevant experience
Deloitte (Finance & Data Analytics Consultant)
Number of Vastned shares
0

Ms Ingeborg W. van 't Woud
(1978/V)

Company Secretary,
Member of the Management Team

Nationality
Dutch
In current position since
4 December 2017
Committees
–
Other positions as at 31 December 2020
–
Relevant experience
Nielsen (Director Corporate Legal), Allen & Overy LLP (Junior Civil-Law Notary)
Number of Vastned shares
1,850

Remco Vergeer
(1975/M)

Manager Investor Relations,
Member of the Management Team

Nationality
Dutch
In current position since
4 November 2019
Committees
Sustainability task force
Other positions as at 31 December 2020
–
Relevant experience
VEON (Director Investor Relations), ING Investment Management (Senior Investment Manager), ABN AMRO Asset Management (Investment Analyst Emerging Markets)
Number of Vastned shares
0

Composition of the Supervisory Board

Mr Marc C. van Gelder MSc
(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 2020
Hans Anders (SB, chairman), Action (SB), JP Morgan European smaller companies trust plc (SB, chairman), Diabetes Fonds (SB, chairman), Quantib (SB, chairman)
Relevant experience
Mediq (CEO), Peapod (CEO), Ahold, McKinsey, Drexel Burnham Lambert, MIP Venture Capital Fund, GIMV (SB), Maxeda (SB)
Number of Vastned shares
7,100

Ms Charlotte M. Insinger MBA
(1965/V)

Member of the Supervisory Board

Nationality
Dutch
Appointments
2015, 2019 (current term ends 2022)
Committees
Audit and compliance committee (chair)
Other positions as at 31 December 2020
RET NV (SB, chair), Staatsbosbeheer (SB, chair), Hogeschool Rotterdam (SB), Cerberus Global Investments (Investment Director)
Relevant experience
PZEM (SB), De Volksbank (SB), Erasmus Medisch Centrum (CFO), Shell, Robeco, Vesteda Residential Fund (SB), LVNL (SB)
Number of Vastned shares
0

Mr Jaap G. Blokhuis MA
(1958/M)

Member of the Supervisory Board

Nationality
Dutch
Appointment
2019 (current term ends 2023)
Committees
Remuneration and nomination committee (chairman), audit and compliance committee
Other positions as at 31 December 2020
Egeria Real Estate (Advisory Board), Vesteda (SB, chairman), Heembouw (SB)
Relevant experience
Multi Corporation (CEO), Redevco (CEO), Nationale-Nederlanden Vastgoed/ ING Real Estate
Number of Vastned shares
1,000

Abbreviations

AFM	Authority for the Financial Markets
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	The Dutch corporate governance code
CPI	Consumer price index
EPC	Energy Performance Certificate
EPRA	European Public Real Estate Association
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
REIT	Real Estate Investment Trust

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 property investment business model.

EPRA Net Disposal Value (NDV) [1)]
Reflects shareholder value in a divestment scenario, where deferred tax liabilities, financial instruments and certain other adjustments are calculated for the full amount of their liability, net of any resulting 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 NNNAV [1)]
EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred tax liabilities.

EPRA 'topped-up' NIY [1)]
This yield is calculated by adjusting the EPRA NIY for 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 spaces divided by ERV of the entire portfolio.

Estimated Market Rental Value (ERV)/ Market rent
The rental value estimated by external appraisers for which a particular property may be let at a given time by well-informed parties who are prepared to enter into 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 means the total amount of natural gas that was used over a full reporting year from direct (renewable and non-renewable) sources ('direct' means that the natural gas is burned on-site).

Fuels-LfL *(Like-for-like total fuel consumption)*
Fuels-LfL is the natural gas consumption of a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for like definition is in line 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' means that the GHG emissions are generated on-site by combustion of the energy source/natural gas) during a full reporting year.

GHG-Dir-LfL *(Like-for-like total direct greenhouse gas (GHG) emissions)*
GHG-LfL is the direct emissions of a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for like definition is in line 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 is the total amount of indirect greenhouse gas emissions ('indirect' means that the GHG emissions are generated off-site by combustion of the energy source/natural gas) during a full reporting year.

GHG-Indir-LfL *(Like-for-like total indirect greenhouse gas (GHG) emissions)*
GHG-LfL is the indirect emissions of a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for-like definition is in line 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 is the total amount of direct and indirect GHG emissions generated from energy consumption from renewable and non-renewable sources in a building during 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.

Green Finance Framework
Vastned has developed its Green Finance Framework with the objective of (re)financing energy-efficient commercial and residential property that contributes to the preservation of historic city centres. Under this Framework, Vastned can issue various green finance instruments. The Green Finance Framework can be found on the website: www.vastned.com/en/investor-relations/green-finance-framework.

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 divestments of the property, the movements in deferred tax assets or deferred tax liabilities, the non-cash part of the interest of the convertible bond loan and the value movements of financial derivatives that do not qualify as effective hedges, less the portion 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 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 Vastned shareholders' equity as evident from the consolidated financial statements of Vastned 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 asset.

Net rental income
Gross rental income net of ground rents paid, net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, management expenses, insurance, letting costs and local taxes.

Occupancy rate
100% less the vacancy rate.

OECD guidelines
The OESO guidelines are recommendations issued by 46 governments to multinational companies that are active in or operate from the relevant countries. They provide voluntary principles and standards for responsible business conduct in a variety of areas including employment and industrial relations, human rights, the environment, information disclosure, competition, taxation, and science and technology.

RTSR *(Relative Shareholder Return)*
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
Spreading the costs of lease discounts, rent-free periods and lease incentives over the duration of the lease contract.

Tax Transparency Benchmark
An annual survey conducted by the Association of Investors for Sustainable Development (VBDO) into tax transparency among 77 Dutch listed companies.

Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straightlining of lease incentives, 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, plus the market rent of any vacant properties applicable to the same period.

Transparency Benchmark
A biennial survey conducted by the Ministry of Economic Affairs and Climate into the transparency of CSR reporting among the approx. 500 biggest 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 unlet properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

Vastned's material topics
1. Long-term stable and predictable results
Stable results that do not deviate much in the long term.
2. Transparent and honest communication
Transparent and honest communication by reporting on both financial and non-financial information.
3. Ethical and honest business operations
Provide employees on an ongoing basis with guidance that leads to ethical and honest conduct.
4. Open and inclusive culture
A culture that works for everyone, regardless of age, gender, origin or religion.
5. Sustainable and efficient buildings
Buildings whose energy and water efficiency have been optimised, taking account of the climate in the urban environment.

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 is the total amount of waste from a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for like definition is in line with the EPRA Financial BPR like-for-like definition for rental growth reporting).

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 is the water consumption of a portfolio that was consistently in operation, and not under development, during the last two full reporting years (this like-for like definition is in line with the EPRA Financial BPR like-for-like definition for rental growth reporting).

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