Creating innercity value

Annual Report 2022

vastned


CHEESE

Contents

European single electronic reporting format and PDF version.

This document is the PDF/printed version of the Annual Report 2022 of Vastned Retail N.V.
This Annual Report 2022 was made publicly available pursuant to section 5.25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht) on March 9, 2023 and was filed with the Netherlands Authority for the Financial Markets in European single electronics reporting format (the ESEF package) at the same time.
The ESEF package is available on Vastned's corporate website.
In case of any discrepancies between this version and the ESEF package, the latter prevails.

Vastned at a glance

Property

Number of properties

268

Occupancy rate (in %)

98.6

Property portfolio value (in million €)

1,420

Commercial lettable area (in thousand m²)

204

Number of commercial tenants

442

Number of residential tenants

238

Profit

Gross rental income (in million €)

66.4

Direct result (in € per share)

2.05

Loan-to-value ratio (in %)

43.4

Indirect result (in € per share)

(0.22)

Solvency (in %)

55.4

Result (in € per share)

1.83

People

People 1h driving distance top cities
(in million of people)
62

Number of employees
(FTE)
32

Job vacancies filled
4

Diversity rate
(in %)
65 / 35
FEMALE MALE

Employee training
(total hours)
1,097

Fixed contract ratio
(per FTE in %)
94

Planet

Total electricity consumption
(in kWh)
584,416

Total energy (fuel) consumption
(in kWh)
527,111

Assets with EPC
(in %)
78

EPC label between A++ and C
(in %)
36

Use of renewable energy[1]
(in %)
100

Market value of properties eligible for green finance as % of total portfolio
(in %)
25

1) Properties under operational control.

CEO Message

Dear shareholders, tenants, colleagues and other stakeholders,

As COVID-related restrictions were lifted, in 2022 people started going out again. The result is that high streets are busy once more, and shoppers are looking for inspiring and rewarding experiences. Low consumer confidence and increased prices have so far had a limited impact on spending, while many retailers have even succeeded in encouraging consumers to increase the value of their purchases. Equally, hospitality businesses have picked up where they left off, with restaurants experiencing pre-pandemic levels of footfall.

High-quality retail locations also proved their value in 2022 as demand for well-located retail space grew once again. While an effective combination of online and offline channels is more important than ever, physical stores remain indispensable for delivering well-rounded customer experiences as well as customer-oriented marketing and branding. Our properties are strong contributors to this ambition, and these considerations are reflected in conversations with Vastned's current and prospective retail tenants.

Despite the current economic and geopolitical uncertainty, we look forward to 2023 with confidence. Our portfolio has proven to be robust and high street shopping is getting back on track. It is, however, important to remain vigilant: like other companies, Vastned is not immune to rising interest rates and other economic headwinds. We foresee challenges in this regard, and not just for the year ahead.

In addition, the current energy crisis is accelerating the trend towards improved sustainability in our portfolio of iconic and listed properties. Together with our tenants, we want to continue taking steps to make these often centuries-old buildings more energy efficient and increase the positive impact of our activities on Vastned's stakeholders and wider society.

Facing new opportunities and challenges will require us to make new connections, exchange values with our partners and, ultimately, grow stronger together.

"Physical stores recovered strongly as consumers flooded back to inner-city shopping streets"

Portfolio
Our property portfolio once again proved its quality in 2022. The occupancy rate remained high at 98.6%, and the collection rate increased to 98.2% from 95.7% in comparison to 2021. In the Netherlands, we divested non-strategic assets for a total amount of € 2.2 million, with a book value of € 1.7 million. We made a € 1.8 million purchase of a neighbouring retail property unit in Rotterdam. No other investments or divestments were made during the year. The value of the total portfolio slightly decreased by 1.2% to € 1,420 million. Gross rental income increased from € 62.2 million to € 66.4 million, and the direct result for the year 2022 increased to € 35.2 million from € 33.1 million in 2021.

Retail environment
In 2022, physical stores recovered strongly as consumers flooded back to inner-city shopping streets after two years of the COVID-19 pandemic. In terms of retail sales, we witnessed a shift in momentum back towards physical retail, while e-commerce activity fell from the high levels reached during the pandemic. Although the expected long-term trend remains towards a steady growth in e-commerce, there is likely to be greater variation in growth between specific sub-sectors. For example, success in the luxury and affordable luxury segments is highly dependent on securing the right physical store locations. This is also true for convenience- and service-oriented retailers, including personal care and food retailers that serve the local, inner-city market. We are also seeing a continuation in the trend of leading digital brands in fashion, sports, trendy jewellery, cosmetics, home accessories and affordable design furniture, that are seeking to expand their physical presence in the most striking and visible high street store locations. We believe that large brands and retail chains increasingly need to establish the right balance between their physical and digital offerings to create well-rounded customer experiences.

Vastned expects historic city centres to remain popular destinations, and this is reflected in the recent strong recovery in visitor numbers. Meanwhile, the long-term trend towards urbanisation continues, and most economic and cultural activities continue to be concentrated in city centres. These remain the preferred destinations for shopping, living, working and leisure. At Vastned, we are responding by optimising and concentrating our property portfolio in the centres of winning cities.

Change in fiscal regime in the Netherlands
The announced intention by the Dutch government to abolish the FBI regime for all direct real estate investments in the Netherlands from 1 January 2025 came as a surprise to the sector, including Vastned.

We have no indications that other European countries are considering such a significant change to their fiscal REIT regimes. Across Europe, REITs have contributed tremendously to the development of a healthy real estate sector, attracting significant investment. In October 2022, we provided an estimate of the potential negative impact this change could have on Vastned's direct result in the year following the abolishment. This was estimated at between 5% and 10%. However, the negative impact cannot be fully assessed at this stage and will depend on the outcome of a political process in the Dutch parliament and possible flanking measures. It will also vary depending on any restructuring measures Vastned may take in response to the proposed development.

ESG
In 2022, Vastned stepped up its efforts to improve the sustainability performance of our portfolio, as part of our commitment to supporting the fight against climate change and having a positive and wide-ranging impact on society at large.

During the year, we intensified our stakeholder dialogues and renewed our materiality assessment. This resulted in the identification of six key material topics, including topics we have already been addressing for years such as 'Stable and predictable long-term returns', 'Energy-efficient buildings', 'Preservation and improvement of cultural heritage', 'Ethical and transparent business practices' and 'Responsible rent and lease management'. We have also chosen to highlight a new material topic, 'Local value creation for communities', which focuses on connecting values.

In 2022, Vastned worked on enlarging its Green Finance-eligible asset portfolio, in line with our target to reach 25% of the total market value of the portfolio by 2025. Eligible assets relate to those that can be used for green loans in line with Vastned's Green Finance Framework. At the end of 2022, approximately 25% of the total market value of the portfolio was deemed to be eligible, with the adjustment in the determining factors for energy performance certificate (EPC) labels for commercial units in the Netherlands being a major contributor to this achievement. While this is a significant improvement, it only partly reflects our efforts to improve energy efficiency in recent years.

In 2023 and beyond, Vastned will use the Carbon Risk Real Estate Monitor (CRREM), an internationally recognised method, to benchmark the energy consumption of its buildings against the global framework set out by the Paris Agreement to limit global temperature rises. This methodology will be used in shaping Vastned's sustainability programmes.

Strategic reorientation: considering all options

Considering the current context of rising interest rates, increasing yields on retail real estate properties and the expected abolishment of the FBI regime as of 2025, we will conduct a strategic reorientation, with the intention to unlock value for Vastned and all of its stakeholders. In this reorientation we will consider all strategic options for the company, including their feasibility.

Dividend and outlook

Based on the 2022 direct result of € 2.05 per share, we propose to pay out € 1.85 per share as dividend for 2022. An amount of € 0.59 was paid as an interim cash dividend in August 2022. When approved by the Annual General Meeting on 20 April 2023, the remainder of € 1.26 will be paid as a cash dividend on 4 May 2023.

Our portfolio has proven to be robust and high street shopping is getting back on track. It is, however, important to remain vigilant: also Vastned is not immune to rising interest rates, geo-political and other economic uncertainties. Therefore, Vastned does not provide guidance on the direct result for the 2023 full year at this stage.

At Vastned, our focus is firmly on maintaining our excellent operational performance and creating long-term value. I would like to thank all our employees for their immense contributions, dedication and support in 2022.

Hoofddorp, 8 March 2023

Reinier Walta
Chief Executive Officer

Profile

Vastned Retail N.V. ('Vastned' or 'the company') is a listed European property company focused on the best properties in popular shopping areas of selected European cities with a historic city centre, where shopping, living, working and leisure meet. Shares in Vastned Retail N.V. are listed on Euronext Amsterdam (ISIN NL0000288918).

Vastned contributes positively to the liveability and safety of city centres by creating and renovating residential space above shops. The company plays an important role in the preservation of the cultural heritage of city centres. In this way, Vastned endeavours to create long-term value for its shareholders, tenants, employees, financiers and society as a whole, and to connect property with people and experiences.

Vastned has a unique retail property portfolio, which was valued at € 1,420 million as at 31 December 2022. The company aims to achieve stable and predictable returns, providing an attractive dividend for investors. Vastned's head office is located in Hoofddorp, the Netherlands, where the majority of its employees are based. Vastned Retail N.V. owns a stake of approximately 65% in Vastned Belgium NV, which is a Belgian entity with its own stock market listing on Euronext Brussels (ISIN BE0003754687). Vastned also has offices in France and Spain. At the end of 2022, Vastned employed 32 FTEs in total, located in the Netherlands, Belgium, France and Spain.

Over 80% of the current portfolio is comprised of property located in the historic city centres of selected European cities, including Amsterdam, Utrecht, The Hague, Breda, Eindhoven, Maastricht, Paris, Bordeaux, Lille, Brussels, Antwerp, Ghent, Bruges and Madrid. The remainder of the portfolio is mostly made up of Belgian retail parks, supermarkets and high-quality retail property in smaller cities in the Netherlands and Belgium.

"Vastned is connecting real estate to society. We aim to add value in multiple ways by investing in high-quality real estate in inner-city areas where shopping, living, working and leisure meet."

Key figures 2022–2018

Results (€ million)	2022	2021	2020	2019	2018
Gross rental income	66.4	62.2	64.9	69.3	77.1
Direct result	35.2	33.1	31.7	35.0	40.4
Indirect result	(3.8)	(18.7)	(73.1)	(12.6)	0.7
Result	**31.3**	**14.4**	**(41.4)**	**22.4**	**41.1**
Balance sheet (€ million)					
Property (appraisal value)	1,420.4	1,438.0	1,479.3	1,571.4	1,579.6
Equity	796.0	792.0	818.3	882.9	923.0
Equity Vastned Retail shareholders	715.9	713.1	737.2	793.7	830.4
Long-term liabilities	606.2	636.6	654.0	612.1	505.4
Average number of shares in issue	**17,151,976**	**17,151,976**	**17,151,976**	**17,270,106**	**18,151,962**
Number of shares in issue (end of period)	**17,151,976**	**17,151,976**	**17,151,976**	**17,151,976**	**17,894,592**
Per share (€)					
Equity Vastned Retail shareholders at beginning of period (including dividend)	41.57	42.98	46.28	46.40	46.05
Final dividend previous financial year	(1.20)	(1.73)	(0.85)	(1.34)	(1.41)
Equity Vastned Retail shareholders at beginning of period (excluding dividend)	**40.37**	**41.25**	**45.43**	**45.06**	**44.64**
Direct result	2.05	1.93	1.85	2.03	2.22
Indirect result	(0.22)	(1.09)	(4.26)	(0.73)	0.04
Result	**1.83**	**0.84**	**(2.41)**	**1.30**	**2.26**
Other movements	0.13	0.01	(0.04)	0.50	0.21
Interim dividend	(0.59)	(0.53)	-	(0.58)	(0.71)
Equity Vastned Retail shareholders at end of period (including final dividend)	**41.74**	**41.57**	**42.98**	**46.28**	**46.40**
EPRA NNNAV [1)]	n/a	n/a	42.36	46.20	46.49
EPRA NTA	41.43	42.13	43.78	47.25	-
Share price (end of period)	**21.15**	**24.00**	**23.15**	**26.70**	**31.30**
Dividend in cash	1.85 [2)]	1.73	1.73	1.43	2.05
Shareholder return (%)	(4.4)	13.2	(9.4)	(8.6)	(19.7)
Other					
Solvency (%)	55.4	55.1	55.2	56.6	59.0
Loan-to-value ratio (%)	43.4	43.0	43.0	41.6	39.0
Capex (€ million)	2.7	3.0	2.3	2.4	3.9
Number of employees (FTEs, average)	30	34	38	39	41

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

Highlights 2022

February

2021 full-year results

On 10 February, Vastned reported a direct result of € 1.93 per share and positive earnings of € 0.84 per share, demonstrating Vastned's resilience and strong operational performance.

April

AGM resolutions adopted

At the AGM on 14 April, all resolutions were adopted with a majority of 96% or more, including the remuneration policy, the financial accounts and the proposed dividend.

May

Full-year outlook provided

The Q1 trading update, issued on 5 May, included an outlook statement with the full-year 2022 direct result per share expected to be in the range of € 1.95 to € 2.05.

July

Positive half-year results

On 28 July, Vastned reported its half-year 2022 results and reiterated its full-year outlook. The company's strong operational and financial performance over the first six months resulted in a direct result of € 0.98 per share and positive earnings of € 2.30 per share.

August

Interim dividend of € 0.59 per share

On 17 August, the interim dividend of 60% of the direct result of the first half year was paid.

September

Credit lines extended

On 20 September, Vastned announced that € 200 million in credit lines had been extended by 12 months to September 2025 with the same attractive conditions.

October

Raised guidance to upper-end range

On 26 October, the 9M trading update highlighted Vastned's continued strong operational and financial performance, with the direct result per share towards the upper end of the previously provided outlook range.

Reporting framework

In its 2022 Annual Report, Vastned has chosen to structure the Report of the Executive Board according to a reporting framework consisting of what Vastned refers to as the four 'Ps': Property, Profit, People and Planet. This also corresponds with the four capitals used in the company's value creation model.

Property provides an overview of Vastned's property portfolio, including information about the company's tenant mix, details of its total portfolio size and in-depth breakdowns for each major city in which Vastned's properties are located. The overview also contains detailed information on occupancy rates, leasing activity, like-for-like gross rental income, lease expirations, portfolio value movements, capital investment, divestments and acquisitions.

Profit concerns Vastned's financial results, including the result per share, the direct and indirect result per share, the development of rental income, expenditure, the financing structure and dividends.

The section People looks at how Vastned connects people with experiences, but also includes information about its own organisation and people, addressing human resource development, Vastned's organisational culture and diversity.

Planet describes how Vastned's approach to sustainability, including its energy saving programmes and renovation projects that improve its energy-efficiency performance. This section also provides information on Vastned's properties and energy uses and its continues efforts on increasing the number of eligible assets under its Green Finance Framework. It also provides an overview of the actual realisation of sustainable renovation projects and the related EPC-label improvement.

Report of the Executive Board

Trends

A world of uncertainty

The current global environment presents clear challenges for European real estate markets, with growing geo-political uncertainty, particularly since the war in Ukraine, economic headwinds, high inflation, increasing interest rates and higher yields all negatively impacting valuations.

European retail markets saw growth in almost all segments in 2022, with the exception of online retail where sales fell from the peak levels witnessed during the COVID-19 pandemic. Retail growth slowed towards the end of the year to low-single-digit levels, with mass-market retail volume, in particular, suffering during the final months of the year as consumer confidence fell to historic lows.

Oxford Economics forecasts that the average consumer will resist spending more during the coming quarters due to concerns about their financial situation. According to recent reports from Oxford Economics, the decrease in private consumption will be the main driver of a possible recession in 2023: in the countries where Vastned is active, the outlook is for inflation to remain above historical averages with no real growth in GDP.

Despite a challenging macroeconomic outlook, Oxford Economics is forecasting a sharp recovery in travel and tourism during the 2023 to 2025 period, as travel activity is expected to recapture – and exceed – 2019 levels by 2025. The expected recovery in tourism, combined with lower energy prices, will likely have a significant impact on the European macro environment during the coming years. Given Vastned's high-street portfolio in various larger European cities, the company is well-placed to benefit from this potential trend.

The energy crisis

European consumers and businesses have been significantly impacted by the spike in energy costs, and natural gas prices in particular. Natural gas, unlike oil, lacks the sufficient seaborne infrastructure to be a globalised market. The regional fragmentation of gas markets means that Europe has been affected by the halting of Russian gas supplies to a much greater degree than other regions. A significant reduction in gas prices would have a positive effect on the current eurozone outlook, though the full impact of this remains difficult to predict. As it stands, the energy crisis remains one of the main factors behind the negative economic outlook for 2023 and the high inflationary environment.

Consumer behaviour

Real household incomes fell markedly in 2022 despite government measures to support people during the energy crisis. The labour market remains tight, with new vacancies outstripping the current number of job seekers. However, observers expect unemployment to increase in certain sectors in 2023, leading to weaker private consumption. As such, it remains to be seen whether retail activity will remain close to the levels seen in 2022. In 2022, footfall on high streets rebounded strongly from low annual levels seen during the peak years of the COVID-19 pandemic, while remaining below 2019 levels. On a more positive note, Vastned observes higher sales tickets in the luxury and affordable luxury segments of the fashion retail market, as well as in most mass-market retail segments.

Rising interest rates

High inflation and the resulting increase in interest rates have driven up the cost of borrowing. The European Central Bank (ECB) made a series of interest rate increases in 2022, with President Christine Lagarde warning that further hikes are expected in 2023, despite the prospect of recession in the eurozone. Continued rises in borrowing costs are weighing on real estate valuations, especially in sectors that have experienced very low yields in recent years. Lower valuations typically result in higher loan-to-value ratios, further reducing debt financing capacity across the real estate sector.

Changes to the fiscal regime in the Netherlands

Uncertainty exists around the fiscal regime in the Netherlands, following the Dutch government's announced intention to abolish the FBI regime and introduce corporate income tax (VPB) for companies that directly invest in real estate. The plans, which were recently delayed by a year, are expected to come into effect from 1 January 2025. The negative impact of the government's decision cannot be fully assessed at this stage and will depend on the outcome of the political process in the Dutch parliament as well as potential, though currently unknown, flanking measures. There is currently no indication or expectation that other countries in Europe are considering changing their REIT and fiscal regimes for companies directly investing in real estate.

Long-term retail trends

Urbanisation

Urbanisation is a long-term trend that has so far been unaffected by the COVID-19 pandemic and the current European energy crisis. Although more flexible working hours and hybrid working have led some individuals to rethink their need to live in city centres or close to their workplaces, overall demand for working, living, shopping and leisure in cities continues to grow. The increased need for housing, together with shops that provide convenience and serve inner-city inhabitants, continues to generate opportunities for alternative uses of retail units in areas in and around city centres.

E-commerce

Despite the decline in online retailing in 2022, e-commerce looks set to continue growing. Nevertheless, some online retailers are adapting their business models to mitigate rising interest rates and the higher cost of equity. In the long term, the sector stands to benefit from the recent expansion in online consumers, as e-commerce has gained a competitive advantage over physical retail in certain product categories over the past few years. Running counter to this trend, however, many retailers are increasingly recognising the value of their physical locations as a way of enhancing and differentiating the customer journey and building brand loyalty. The ultimate ambition is to achieve the right balance of online and physical retail offerings and presence. So-called 'phygital retailers' that optimise their market approach in this way are likely to outperform the wider retail market going forward.

Sustainability

There is growing societal pressure on tenants and landlords to improve the sustainability performance of their businesses and properties. Meanwhile, capital providers are also increasingly factoring environmental, social and governance (ESG) factors into their capital allocation decisions. Vastned views this as a long-term trend and the company has responded accordingly, with sustainability having been included in its core values and strategic objectives for several years. The company has also developed a Green Finance Framework and implemented a new ESG Policy. The company also plans to increasingly invest in energy-efficient buildings. Alongside improving its sustainability performance, Vastned is taking steps to strengthen its non-financial reporting. This includes preparing for the forthcoming Corporate Sustainability Reporting Directive (CSRD), as well as addressing the implementation of the EU Taxonomy and other regulation related to the European Green Deal. In support of this, Vastned has introduced new activities to gather the information requested by regulators and is also increasingly requesting the data from tenants. The company also plans to start using Carbon Risk Real Estate Monitor (CRREM).

Strategy

How Vastned creates value

Vastned has embedded environmental, social and governance (ESG) values in its organisational structure and believes this is key to creating long-term value for its stakeholders. The company's strategic objectives are in line with its materiality assessment, its sustainability framework, its ESG Policy and the United Nations (UN) Sustainable Development Goals (SDGs). The preservation of cultural heritage, enhancing the safety and liveability of city centres and creating sustainable and efficient buildings are considered key non-financial outcomes for Vastned. The company also strives to reduce its overall environmental impact and enhance its contribution to local communities. An efficient and effective organisation is crucial to achieving these objectives and, as a listed real estate company, Vastned also needs to deliver stable and predictable results that enable attractive dividends.

Value creation model

Vastned's value creation model identifies four capitals or P's: Property, Profit, People and Planet. The starting point is the company's existing unique property portfolio and associated leasing activities. Profit relates to the returns Vastned makes, starting with the value in terms of total assets and the required financial capital (equity and debt), and considering the gross rental income, direct results and dividends this yields. People refers to Vastned's own employees, as well as how the company communicates and interacts with all its stakeholders. Planet relates to Vastned's use of (renewable) energy, the energy efficiency of the company's properties and the use and re-use of materials in construction and renovation activities (though, given the limited number of renovation projects undertaken, Vastned's impact with respect to circularity is relatively small). Energy efficiency is measured via EPC labels and Vastned aims to increase the number of properties with EPC labels of an 'A' rating or higher. In 2023 and beyond, Vastned will use the Carbon Risk Real Estate Monitor (CRREM). This risk methodology tool will provide insights into the magnitude of these risks at a building and portfolio level, as well as the energy savings that should be achieved.

The company's core qualities and purpose, in combination with its value creation model and a well-formulated business strategy, strengthen its ability to have an impact with regard to the following six highly material topics:

- Stable and predictable long-term returns

Maintaining strong financial performance to provide shareholders with dividends and maintain long-term financial stability.

- Energy-efficient buildings

Improving the sustainability performance of buildings by making them more energy-efficient and increasing their EPC label scores.

- Preservation and improvement of cultural heritage

Safeguarding cultural heritage by extending the functional lifespan of properties and optimising their use while also contributing to the attractiveness of city centres.

- Ethical and transparent business practices

Conducting business in an ethical and transparent manner by actively complying with laws and regulations, using codes of conduct, and continuously working towards transparent, fair and ethical communication with stakeholders regarding activities and ambitions.

- Local value creation for communities

Supporting community development, stimulating social cohesion and supporting livelihood in city centres (for example, by focusing on tenants that meet the needs of local residents).

- Responsible rent and lease management

Keeping tenants informed and supported regarding sustainability issues through measures such as tenant engagement and including green and ethical clauses in new commercial leases. ESG factors should also be integrated into the tenant selection process.

These material topics were recently validated by the company following a stakeholder consultation and a materiality assessment.

How we create value

Vastned focuses on the best properties that connect property with people and experiences. The company's portfolio facilitates the interaction between people in their daily lives and connects them to where they shop, work, live and meet. Through this strategy, the company creates long-term value for its shareholders, tenants, employees, financiers and society. The realisation of the added value is presented in the value creation model.

Input

Property
- Number of properties: **268**
- Commercial lettable area: **204,000 m²**
- Number of commercial tenants: **442**

Profit (Finance)
- Total assets: **€ 1,453** million
- Shareholders equity: **€ 716 million**
- Long-term loan capital: **€ 585 million**

Planet
- Total electricity (kWh) [1]: **584.416**
- Total energy (fuel) (kWh) [1]: **527.111**

1) Properties under opertional control

People
- Number of employees (FTEs): **32**
- Stakeholder communications

Our value

Pro-activeness | Quality | Entrepreneurship | Team spirit | Sustainability

Strategy

vastned

Connecting property, people and experiences in historic city centres where shopping, working, living and leisure meet.

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

Optimised and concentrated portfolio | Efficient organisation | Conservative financing

Risk management | Governance

Output

Property
- Leasing activity: **43 leases**
- Occupancy rate: **98.6%**
- Creation/renovation: **12 apartments**

Profit
- Gross rental income: **€ 66.4 million**
- Direct result per share: **€ 2.05**
- Dividend per share: **€ 1.85**

Planet
- Buildings with EPC label: **78%**
- EPC label between A+ and C: **36%**
- Compensation CO2 emissions: **100%**
- Use of renewable energy: **100%**
- Green and ethical clauses: **100%**

People
Employees
- Number of employees that took training in 2022: **34**
- Diverse teams: **male 35% - female 65%**

Outcome & Impact

Highly material topics
- Stable and predictable long-term returns
- Energy-efficient buildings
- Preservation and improvement of cultural heritage
- Ethical and transparent business practices
- Local value creation for communities
- Responsible rent and lease management

Three pillars of Vastned's business Strategy

Optimised and concentrated portfolio	Efficient organisation	Conservative financing
Unique portfolio of high street retail and inner-city mixed-use properties, including many historical buildings that have been carefully preserved and are well positioned for the current retail environment Concentration in winning cities with increasing economic activity and positive demographics Improve retail tenant mix by adding: - Digital brands and retailers that have innovative and successful retail concepts - Strong urban, suburban and mono brands that seek high street presence - Residential and office tenants Renovating and adding residential units and offices. Additional measures to increase energy-efficiency of portfolio properties. Improve the liveability of the property locations as this ultimately drives long-term value creation	A cost-efficient organisation, well equipped to maintain ethical and transparent business practices Digitisation of processes and data-driven working to increase efficiency A compact, diverse, and enthusiastic team of specialists with a hands-on and result-oriented mentality Local teams with expert knowledge, experience and good business networks Open and inclusive culture	Long term target to reach a loan-to-value ratio of 40%, which supports the key objective of stable and predictable results Growth of green loans, in line with our Green Finance Framework [1)] Share of non-bank loans at least 25% Ratio fixed vs. floating interest at least: 2/3 - 1/3, which again supports the key objective of stable and predictable results

1) https://vastned.com/sustainability/

Optimised and concentrated portfolio

In response to developments in the retail market, Vastned is optimising and concentrating its current portfolio to make the company less dependent on the fashion and tourism sectors. Over time, Vastned will concentrate its portfolio in winning cities for which it expects increasing economic activities and positive demographic trends. As part of this strategy, the company seeks to focus its property portfolio in city centres where shopping, living, working and leisure meet, with an increased emphasis on local and digital economies.

On the tenant side, Vastned is gradually decreasing its exposure to fashion retailers. Vastned seeks to increasingly attract new tenants that have a strong digital presence or offer attractive non-fashion retail exposure in growing segments, including food and beverage and convenience offerings. Strong existing urban, suburban and mono brands looking for highly visible inner-city locations and experience stores are also attractive tenants for Vastned's high-street properties. Adding these new tenants maximises the value and lifespan of often-historical properties, supporting the conservation of these buildings. Securing the right tenants and reliable rental income allows for continued investment, contributing to the preservation of cultural heritage.

Where possible, Vastned renovates and converts the upper floors of its retail properties into apartments and offices. In line with its multi-capital approach, Vastned uses these mixed-use opportunities to create more energy-efficient buildings. Adding more residential units in shopping areas also increases liveability, enlarges the housing stock and results in high streets becoming livelier and safer after store closing times. This increases the attractiveness of inner-city areas, and ultimately the value too.

In addition, Vastned is making targeted investments to increase the energy efficiency of its overall property portfolio. The company is also seeking closer cooperation with its tenants in this area, to measure and reduce the actual energy consumption of its properties. Tenants are more willing to cooperate with landlords on this matter, though many Vastned tenants do not have experience in this regard. Continued engagement is therefore needed to make progress and establish practical and effective processes that work for all parties. The current high energy costs are also clearly a common incentive for making this approach work. Vastned anticipates additional European Green Deal-linked regulations that will make data collection and data sharing mandatory for users and owners of these properties.

Vastned will also consider other investments in order to expand the number of energy-efficient properties in its portfolio, despite the limitations of some of these historical properties and the various restrictions surrounding alterations to listed buildings.

Efficient organisation

The Vastned team continues to manage the portfolio in a hands-on, proactive and pragmatic fashion while seeking to maximise cost efficiency at all times. If specific knowledge or skills are not available within the organisation, Vastned secures this on a temporary basis through external resources. Vastned's work is increasingly data-driven, and processes are digitalised where possible to ensure a more efficient organisation. This approach also supports the company's continued pursuit of stable and predictable long-term results. The Vastned portfolio, which spans four countries, is managed by a compact, diverse and enthusiastic team of 34 employees (32 FTEs). The team also manages all administrative and reporting processes, governs and executes the business strategy, manages enterprise risk, and ensures the company and its entities comply with relevant laws and regulations, including the requirements for listed companies. This team is responsible for ensuring that ethical and transparent business practices are maintained at all times.

Conservative financing

Vastned takes a conservative financing approach that supports the implementation of its strategy. According to its financial policy, the internal long-term target for the loan-to-value ratio is a maximum of 40%. In the coming two years, the company is expected to refinance most of its debts, of which significant maturities are due in September 2024 and September 2025. In 2022, € 200 million in debt has been extended by one year to September 2025, at the same attractive conditions, which improved the duration and maturity profile of the total loan portfolio. The company is broadening its financing sources, including green finance opportunities, on the back of its Green Finance Framework. The framework aims to finance or re-finance energy-efficient commercial and residential properties that contribute to the preservation of historic city centres. Under this framework, Vastned may issue a range of green financing instruments.

Vastned's financial policy has been developed to support the company in achieving stable and predictable results and can be summarised as follows:
- Loan-to-Value ratio of 40%
- Growth of green loans, using the Green Finance Framework
- Share of non-bank loans of at least 25%
- Ratio of fixed versus floating interest with fixed interest to be at least two-thirds of the total

Strategic reorientation: considering all options

Considering the current context of rising interest rates, increasing yields on retail real estate properties and the expected abolishment of the FBI regime as of 2025, we will conduct a strategic reorientation, with the intention to unlock value for Vastned and all of its stakeholders. In this reorientation we will consider all strategic options for the company, including their feasibility.

Vastned's objectives and results

To realise its mission, Vastned formulated the following objectives, which were in line with the previous five key material topics based on the 2019 materiality assessment and contribute to a selection of UN Sustainable Development Goals (SDGs) and related sub-goals. The table below presents the objectives along with the results of the past three years. Following the materiality assessment done and validated in 2022, we expect the list of objectives to be reviewed in 2023 and amended where and when necessary.

Vastned wants to commit itself to being a positive force in the fight against climate change. For this reason, a new sustainability target has been introduced to its objectives. In 2022 Vastned has set the target to increase the eligible asset portfolio to 25% of the total market value. These eligible assets relate to assets that can be used for green loans in line with Vastned's Green Finance Framework.

	SDG	Objectives	**Result year-end 2022**	Result year-end 2021	Result year-end 2020
Stable and predictable long-term results	8.5 + 11.4	Direct result • Target: € 1.95 - € 2.05 per share	2.05	1.93	1.85
		Loan-to-value ratio • long term target: <40%	43.4%	43.0%	43.0%
		Ratio of loans with fixed interest rate • Target: 2/3 (fixed) – 1/3 (floating)	72.5%	72.2%	70.3%
		Share of non-bank financing • Target: >25%	35.0%	34.9%	33.9%
Transparent and honest communication	12.6 + 16.6	Relative score on Transparancy Benchmark • Target: top-five ranking in propertysector	First place	First place	Third place
		Relative score on Tax Transparency Benchmark • Target: top-five ranking in property sector	Second place	Second place	Second place
		Annual report is an Integrated Report and is in line with the Global Reporting Initiative	✓	✓	✓
Ethical and honest business practices	16.6 + 16.5	Number of integrity incidents reported to compliance officer • Target: 0	0	0	0
		Percentage 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 Executive Committee • Target: at least 30% men and at least 30% women	X	X	✓
		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%	78%	74%	72%
		New leases with a green and ethical clause • Target: 90%	100%	91%	99%
		Percentage of renovations with attention for energy and water efficiency • Target: 100%	100%	100%	93%
		Creation and renovation of apartments	12	14	17
		Minimising and offsetting CO_2 emissions in Vastned's operations	✓	✓	✓
		Percentage of eligible assets in line with Vastned's Green Finance Framework • Target: 25%	25%	10%	N/A


3e ARR
RUE DE SÉVIGNÉ
3e ARR
RUE DES FRANCS BOURGEOIS
maje
12
30
maje

Property

UNIQLO, that is part of the Japanese Fast Retailing Group (FRT), is one of the most successful clothing brands in the world. UNIQLO looks to offer the ultimate in everyday clothes that make people's lives more comfortable, through its unique concept called LifeWear inspired by the Japanese values of simplicity, quality and longevity. UNIQLO's mission is to enable people all over the world to experience the joy of wearing such great clothes. 'The unique Japanese philosophy combined with innovative, functional clothing technology, brand awareness, marketing, online presence and a premium assets location strategy make us who we are.'

Valérie Stern, store development project director Europe

Special

UNIQLO: succesful by Japanese precision

'We are a global brand from Japan. Our first store was opened in Japan in 1984. Now we have over 2,400 stores worldwide and over 60 stores in Europe,' Valérie Stern tells us. 'We focus on what we call LifeWear: essential high quality everyday clothing designed to improve people's daily lives. We do not sell fast fashion, but timeless items that are long-lasting, with a longer lifespan. After building dominant market positions in Japan, other Asian markets including China, we are now focusing on accelerating our growth in Europe.'

'In our innovation centers in Tokyo and Los Angeles, our Research & Development teams are working with specialists on the question: What is the Voice of Customers, what are their specific needs and how can we make our basics even better in terms of fit, design, comfort and shelf life? With strategic partners like Toray Industries, we look to use technological innovations to address these needs. For instance, we are appreciated for HEATTECH: a thin and soft jersey that converts body moisture into heat without feeling like thermal clothing. The summer variant is AIRism, which allows warm air and moisture to evaporate. UNIQLO is also famous for its ultra-down jackets. They are extremely practical; thanks to a special technique they are so lightweight that they can easily be folded into a small pouch that fits in any handbag. Among other best sellers are our 100% merino wool sweaters that come in multiple colors and are machine washable. These are some of the reasons that bring so many people around the world to UNIQLO,' adds Valérie.

Focus also on Europe

'I have been working for UNIQLO for almost nineteen years, and we continue to focus on Europe,' says Valérie Stern. 'UNIQLO ambitions to have a physical presence in the major "fashion-savvy" high streets of London, Paris, Madrid, Milan, Berlin, Antwerp and Brussels, and more recently of the Netherlands. A physical presence is key to show who we are, get people to touch, feel and try the quality of our products. It is an essential component to provide to grow our brand image. Each of our European stores aims to create a warm connection with our customers and thus generate traffic. Our formats are very diverse and most of them are located in historic buildings in prime urban locations. We enjoy creating stores that embrace their architectural past all the while adding the UNIQLO design in the look and feel so that visitors are at home regardless of the market. Each opening of a first store in a new country is the outcome of detailed custom-build approach that is pivotal for the future of our brand in that area.'

Flagship store in Amsterdam

'The opening of our Amsterdam flagship store was a key milestone for our growth in the Netherlands,' Valérie believes. 'We strived for an unique location close to the famous Dam square, the heart of the capital. The landmark RokinPlaza building, with 2,040 square meter retail floorspace, on the corner of Kalverstraat and Rokin, close to the new metro station, is a perfect fit for our concept. It is a great location that both attracts tourists as well as locals. We open every store aiming to combine the typical local cultural atmosphere with our Japanese brand guidelines and an attractive façade. Sustainability is also important with elements like environmental-friendly lighting, locally sourced materials and local community engagement. The message to our audience is simple: we want to offer a perfect atmosphere for all our customers. Everything we do is to please and satisfy them. That is why we take care of every tiny detail!'

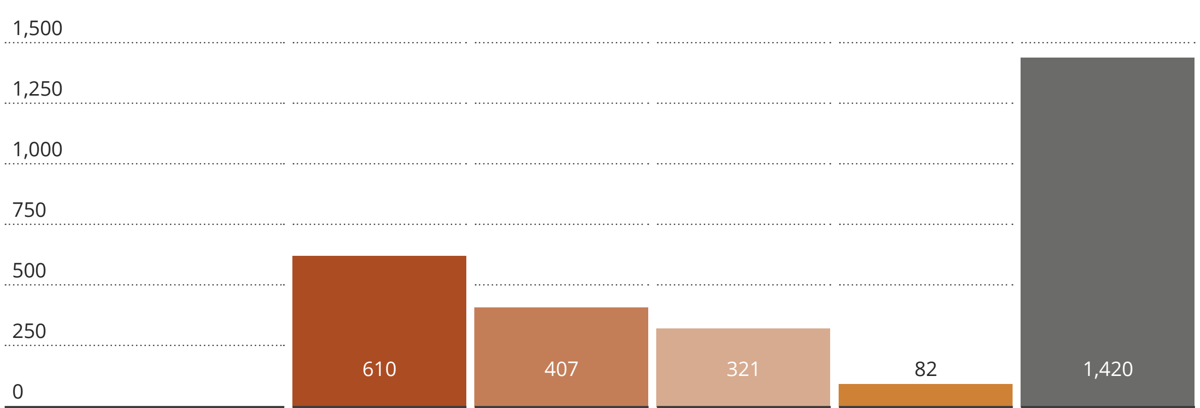
Success strategy

Valérie Stern: 'The flagship store in Amsterdam was an immediate success. Not long ago, we opened a second store in the Netherlands; in The Hague that has also seen a lot of success with many new fans of the brand. This proves that our brand location strategy is right. We first focus aim to identify a striking location in the capital city and then, slowly but surely, we open new stores in other cities. This how we have been able to build a steady portfolio of UNIQLO stores in France with a presence in all of the key cities including Paris, Lille, Bordeaux, Toulouse, Nice and Lyon. This year we opened our first store in Warsaw. This corresponds to our first step in Central Europe and are also looking at some other European countries. I really love my job!'

Key figures 2022

Portfolio key figures per country

Value of property portfolio (€ million)



	Netherlands	France	Belgium	Spain	Total
Value movement (%)	(2.0)	(0.7)	(0.7)	0.2	(1.2)
Number of commercial tenants [1]	254	69	111	8	442
Number of office tenants	13	10	0	0	23
Number of residential tenants	191	34	13	0	238
Like-for-like gross rental growth (%)	7.2	9.7	5.3	12.7	7.5
Occupancy rate (%)	98.3%	97.9%	99.4%	100.0%	98.6%

1) Excluding apartments and parking spaces.

	Total
Number of properties	268
Properties with an Energy Performance Certificate (%)	78%
Value of property portfolio (€ million)	1,420
Average value per property (€ million)	5.3
Commercial lettable area (m² thousand)	204
Number of commercial tenants [1]	442
Theoretical annual rent (€ million)	74
Market rent (€ million)	69
(Under)/overrent (%)	6.2%

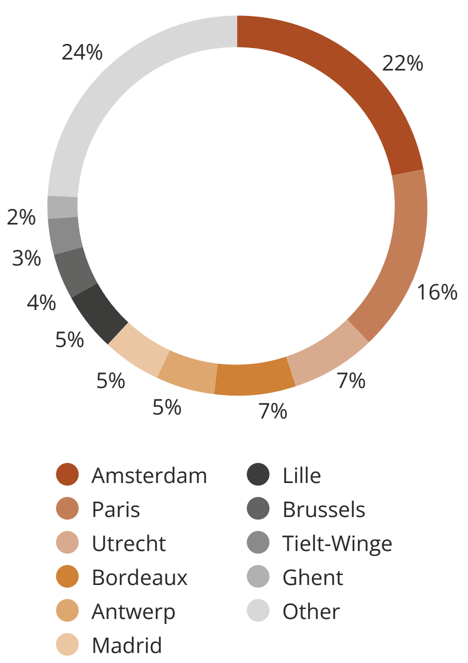
Average market rent per sqm (€)	
Belgium	224
France	829
Netherlands	305
Spain	1,098
Total	**341**

Average rent per sqm (€)	
Belgium	251
France	741
Netherlands	318
Spain	1,142
Total	**349**

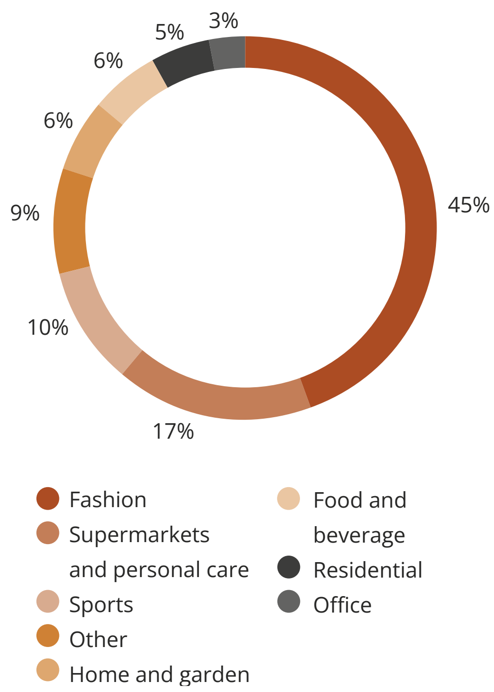
1) Excluding apartments and parking spaces.

Breakdown of the portfolio

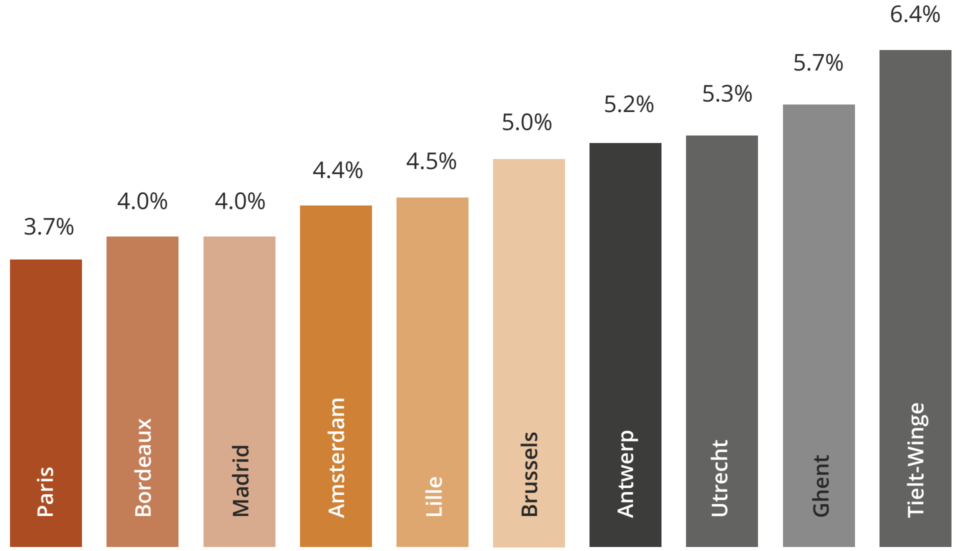
Breakdown of portfolio by % of total market value



Breakdown of portfolio by % of total annualised rent



Gross initial yield in %



Acquisitions and divestments

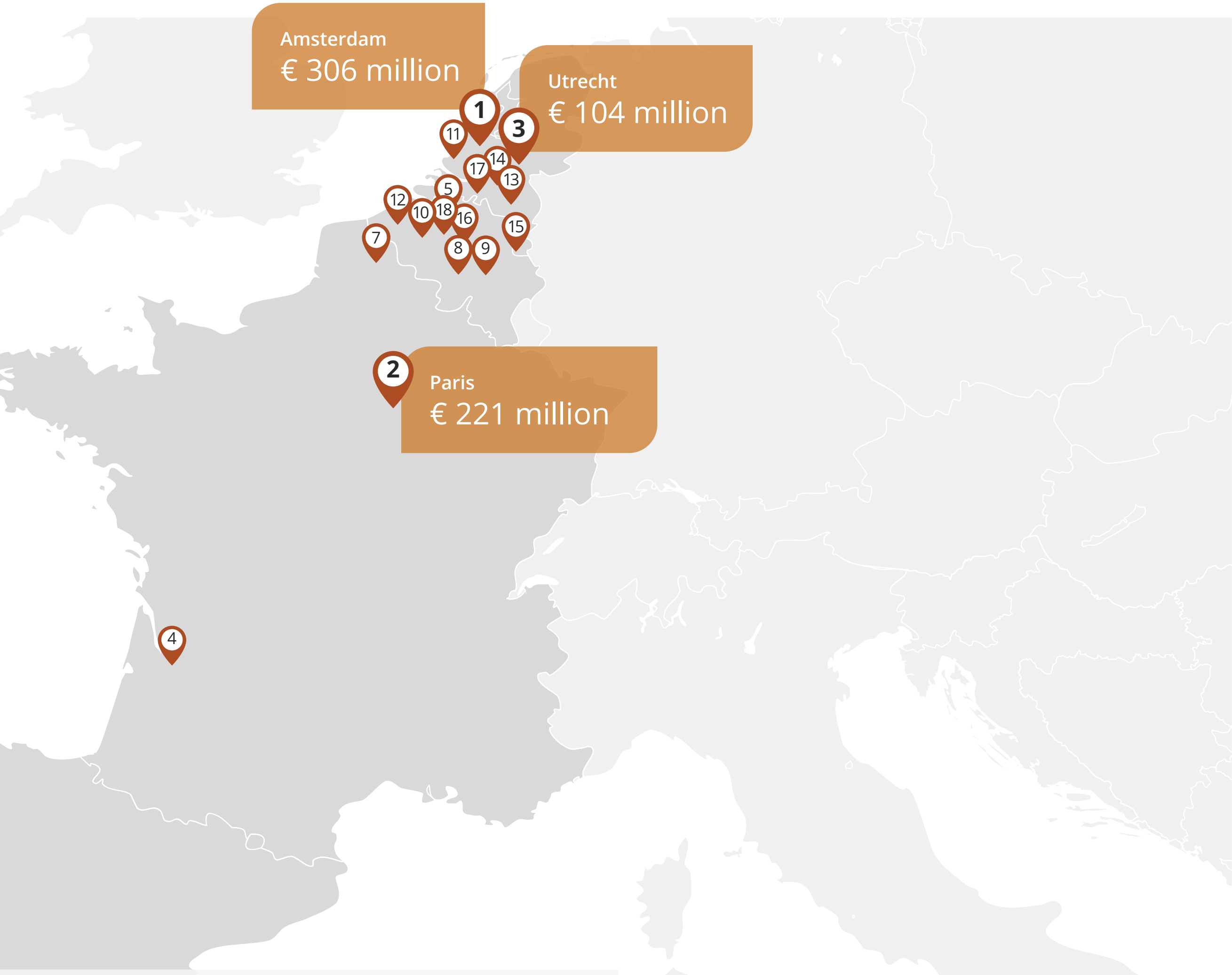
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Total
Acquisitions	2	0	0	14	49	38	76	164	103	104	550
Divestments	2	18	11	12	71	123	95	87	261	271	950
Total	4	18	11	26	120	161	171	251	364	375	1,500

(€ million)

Portfolio 2022

Most of Vastned's assets are located in densely inhabited urban areas, including popular streets of Europe's most attractive cities. Retail properties in these areas play an important role in the attractiveness of these cities, providing a convenient shopping destination for residents and tourists. These properties are typically located in high street shopping areas and feature a diverse mix of shops, entertainment and food & beverage. Retail properties in popular European cities benefit from tapping into the consumer demands of both residents and tourists, leading to better sales volumes for our tenants, higher occupancy rates and better rental income. This would emphasize the balance between underlying dynamics for ultimately better rental income. Furthermore, retail properties can also play a role in revitalising urban areas by attracting new businesses and investments. Overall, retail properties in urban shopping areas offer many advantages and thereby create a mutually beneficial situation for tenants, property owners and the local community.

Vastned has a portfolio consisting partly of listed monuments and objects in protected urban areas. These properties hold significant cultural and historical value to the cities they are located. As a result, Vastned feels a strong sense of responsibility to preserve and enhance these properties' functionality.



Value of the portfolio

4. Bordeaux € 98 million	7. Lille € 64 million	10. Ghent € 35 million	13. Eindhoven € 18 million	16. Mechelen € 14 million
5. Antwerp € 74 million	8. Brussels € 59 million	11. The Hague € 31 million	14. Tilburg € 18 million	17. Breda € 12 million
6. Madrid € 72 million	9. Tielt-Winge € 44 million	12. Bruges € 27 million	15. Maastricht € 17 million	18. Wilrijk € 12 million

Review of the property portfolio

The value of the property portfolio was € 1,420 million at year-end 2022 (year-end 2021: € 1,438 million).

10 largest tenants at year-end 2022	Theoretical gross rental income (€ million)	Theoretical gross rental income (%) of total	Number of properties	Area (sqm thousand)
1. H&M	4.4	5.9%	6	11.1
2. Inditex	3.9	5.2%	6	9.7
3. Fast Retailing	2.8	4.4%	2	8.6
4. A.S. Watson	2.5	3.8%	13	3.3
5. JD Sports	2.3	3.5%	3	6.3
6. LVMH	1.7	3.1%	3	3.1
7. Ahold	1.4	2.3%	5	1.3
8. Skechers	1.3	1.8%	1	7.3
9. Nespresso	1.3	1.7%	2	0.7
10. Mango	1.1	1.7%	3	0.8
Total	22.6	33.5%	46	52.1

10 largest portfolios at year-end 2022	Book value (€ million)	Theoretical gross rental income € million)	Occupancy rate (%)	Number of tenants	Area (sqm thousand)
1. Amsterdam	305.9	13.8	98.4	48	16.7
2. Paris	221.1	8.5	100.0	19	7.0
3. Utrecht	103.7	5.9	92.8	44	16.2
4. Bordeaux	97.6	4.2	96.3	19	6.4
5. Antwerp	74.2	3.9	99.4	21	7.0
6. Madrid	71.9	2.9	100.0	6	2.1
7. Lille	63.9	3.0	96.3	26	6.2
8. Brussels	58.6	3.0	99.4	11	8.8
9. Tielt-Winge	43.7	2.8	99.4	22	18.1
10. Ghent	35.4	2.0	99.4	5	7.0
Total	1095.7	48.0	98.5	219	95.8

Occupancy rate

Vastned considers its high overall occupancy rate as evidence of the quality and attractiveness of its property portfolio. At year-end 2022, the occupancy rate of the total portfolio was 98.6%.

Occupancy Rate (%)	31-Dec-22	31-Dec-21
Netherlands	98.3%	97.2%
France	97.9%	97.2%
Belgium	99.4%	99.3%
Spain	100.0%	100.0%
Total	98.6%	97.9%

Leasing activity

In 2022, Vastned concluded 43 leases for a total annual amount of € 6.4 million, or 8.7% of the total theoretical annual gross rental income. In 2021, in comparison, Vastned concluded 92 leases for a total annual amount of € 12.4 million, or 17.4% of the total theoretical annual gross rental income.

In the Netherlands, Vastned concluded new leases with multiple tenants. For example, new leases were concluded with JD Sports in The Hague, AS Watson in Utrecht and Snipes in Rotterdam. Vastned also renewed leases with CASA, Bierfabriek, Etos, John Fluevog Shoes and Gerry Weber.

In France, new leases were concluded with Jonak in Lille, Normal in Paris and Ray-Ban in Bordeaux. Vastned also renewed leases with So Bio and Les Patiniers.

In Belgium, new leases were concluded including Etam in Antwerp, Soeur in Antwerp and Fox Gent in Ghent. Vastned also renewed leases with G-star in both Antwerp and Ghent, Etam in Antwerp, Bellacoola in Tielt-Winge and others.

The 43 leases Vastned concluded resulted in a total rent decrease of € 0.8 million (11%). However, this decrease was mainly due to two major new tenants in properties which were formerly rented high above ERV. On average total new contracts are 2% above ERV.

2022	Leasing activity			Rental change	
	Number of leases	€ million	% of theoretical annual rent	€ million	%
Total	43	6.4	8.7%	(0.8)	(11%)

Like-for-like gross rental income

The like-for-like gross rental growth in 2022 was 7.5% positive, compared to 0.7% positive in 2021, 5.5% negative in 2020, 3% negative in 2019 and 0.8% positive in 2018.

As high-streets recovered from COVID-19 lockdowns and closures, the rent waivers in 2022 were significantly less than in 2021. Impact was especially notable in Belgium. For further information, please consult the Profit section.

Like-for-like gross rental growth 2022					
(% of gross rental income)	Nether-lands	France	Belgium	Spain	Total
Total portfolio (incl. rent waivers)	7.2%	9.7%	5.3%	12.7%	7.5%
Total portfolio (excl. rent waivers)	2.7%	5.4%	1.4%	12.7%	3.4%

Lease incentives

Lease incentives, such as rent-free periods, lease discounts and other payments or contributions to tenants, averaged 3.5% of the gross rental income in 2022. This was lower compared with 2021. The difference between the actual and the IFRS lease incentives is due to the straight-lining of lease incentives over the duration of the respective contract terms.

Lease incentives				
(as a % of gross rental income)		2022		2021
	Actual	IFRS	Actual	IFRS
Total	3.5	5.8	5.1	6.3

Market rent

The market rent, also referred to as Estimated Rental Value (ERV), of the various retail and residential units is determined by appraisals carried out by independent external 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 106.6% of the market rent at year-end 2022 (year-end 2021: 102.5%). In actual amounts, the overrent for the total portfolio was € 4.6 million at year-end 2022.

	(Over-) or under-rented at year-end 2022		
	Theoretical gross rent (€ million)	Market rent (€ million)	(Under-) or over-rented (%)
Total	73.8	69.4	6.2%

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.

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 Consumer Price Index (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.

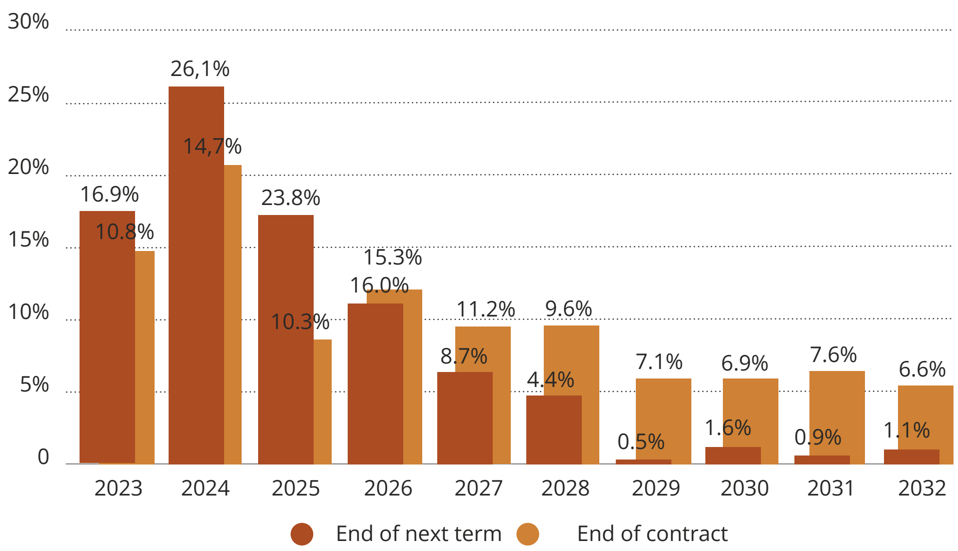
-

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 contract). The table below lists the expiry dates of the portfolio by category.

Average lease duration year-end 2022 1)	End of next term	End of contract
Total	2.6	4.5

Lease expirations year-end 2022



1) Excluding apartments and parkings

In total, 16.9 % of the commercial leases, representing € 10.6 million in gross rental income, could be terminated or renewed in 2023.

Appraisal methodology

Larger properties, with an expected value of at least € 2.5 million, make up approximately 88% of Vastned's property portfolio and are appraised every six months by reputed external international appraisers. Smaller properties, with an expected value of below € 2.5 million, are appraised externally once a year. In Belgium, all properties are appraised quarterly.

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 (including RICS Appraisal and Valuation Standards). This appraisal methodology is explained in more detail in the financial statements.

Portfolio value movements

The value of the property portfolio, excluding capital expenditure, acquisitions and divestments, decreased by € 18 million during 2022, or 1.2% compared with year-end 2021. This was primarily due to slightly higher yields, higher property tax and lower estimated rental values. However, compared to value movements within our peer group this is a solid performance given the challenging times. Considering capital expenditure, revaluations of properties sold during 2022 and movements in accruals and lease liabilities, the total decrease in value was € 19.5 million.

Vastned believes this is due to the unique portfolio with high exposure in historic city centres. These remain the preferred destinations for shopping, living, working and leisure. Vastned continues to optimise its portfolio and concentrate the property portfolio in the centres of winning cities.

		Value movement 2022	
	Portfolio value (€ million)	Value movement (€ million)	Value movement (%)
Total	1,420	(18.0)	(1.2)

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

Acquisitions

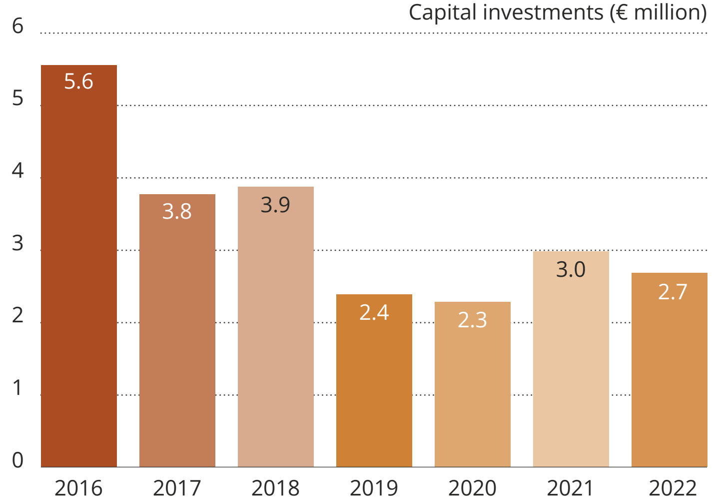
In 2022 Vastned acquired Zuidplein Hoog 827 in Rotterdam, for a total consideration of € 1.9 million including costs. Zuidplein is a shopping centre that has performed well over the years. Vastned already had 7 units in this centre and there was a good opportunity to acquire an additional unit, rented to ICI Paris XL, at an attractive price and good initial yield. Zuidplein underwent a significant upgrade over past couple of years, officially reopening 25 January 2023. The upgrade means that Zuidplein is expected to remain an attractively positioned shopping centre in the coming years. Besides that, various improvements were made in the area, such as the expansion of the Ahoy venue, the optimization of the Zuidplein metro station, a new swimming pool and hotels. Altogether it is a well-located unit with a broad front and on a long-term lease to a strong retailer.

Investements

Country	City	Address
The Netherlands	Rotterdam	Zuidplein Hoog 827

Capital investments

Capital investments play a relatively minor role in Vastned's portfolio. In contrast to shopping centres, high street shops do not require complete renovations every five to ten years to remain attractive for retailers and consumers. Capital investments for Vastned are limited to those that add value. This includes, where possible, adding retail floor space and creating larger lettable areas by connecting adjoining retail properties, and creating and renovating residential space and offices above shops.



Divestments

As part of its strategy to further reduce the risk profile of the portfolio, in 2022 Vastned sold non-strategic assets in the Netherlands. The divested properties had a total book value of € 1.7 million at the time of sale and a total transaction value of € 2.2 million.

Vastned sold the following properties in 2022:

Divestments

Country	City	Address
The Netherlands	Renkum	Dorpsstraat 21-23
The Netherlands	Utrecht	Achter Clarenburg 19
The Netherlands	Ridderkerk	St. Jorisplein 30
The Netherlands	Winschoten	Langestraat 22 / Venne 109
The Netherlands	Winschoten	Langestraat 24


JIMMY CHOO
JIMMY CHOO
JIMMY CHOO
JIMMY CHOO
CALLE DE CLAUDIO COELLO

Profit

In October 2022, Sven Bosman was appointed Operational Managing Director Vastned Belgium after previously working in the position of Finance Director. As such, he is now responsible for Vastned's entire Belgian property portfolio of over 76,000 square metres across 155 properties in 54 locations. 'The value of this portfolio is € 321 million, approximately 23% of the total value of the Vastned portfolio, and with an occupancy rate of 99.4% it can clearly be considered stable. In the past, much attention was paid to a good portfolio spread by industry, type of tenant (international versus local chains), tenant size and location in the centres of Brussels, Antwerp, Bruges and Ghent. We have also deliberately invested in out-of-town retail, which are shopping areas located along a number of important Belgian arterial roads. So we are combining city centre fun shopping with optimal car-accessible run shopping. This creates a solid foundation for the future!'

Sven Bosman, Operational Managing Director Vastned Belgium

Special

Revival of Belgian high streets

'The excellent strategic spread of Vastned's Belgian portfolio ensures stability while also enabling us to respond well to current developments. Our focus on high streets is and will remain the right answer to the changes in the Belgian retail landscape,' Sven Bosman kicks off the interview.

'We had an excellent year last year. With Covid-19 finally behind us, we are clearly seeing rising retail sales in the attractive shopping streets in our most important cities. Footfall increased substantially, with additional spending in fashion, shoes, accessories and luxury items in particular. And it is precisely these rental segments that we focus on; around 70% of our properties is let to this type of tenants. We also find e-commerce businesses now opening experience shops in city centre locations. In addition, the share of food & beverage concepts is increasing. This mix is very popular with consumers. Online retail and physical shop spending is merging seamlessly. There is a real revival of the high streets in Belgium. The great thing is that city centre developments like gaming or urban fitness are also finding their way to upper floors of retail properties. These too are benefiting from the renewed attractiveness of city centres,' Sven stated.

Tourism rebounding

Sven Bosman: 'During the Covid-19 pandemic, tourism was under pressure, but now we see it picking up again. Especially now that China is easing its Covid restrictions, we are expecting additional influx. Tourists from Europe, especially from the Netherlands, but also France and Germany, already showed a strong increase in 2022. And tourists make up a major share of visitors to the historic city centres of Brussels, Antwerp, Bruges and Ghent. For example, as a Unesco World Heritage city, Bruges is more popular than ever as a tourist destination. In short, expectations for 2023 are certainly positive. Additionally, municipalities are endeavouring to make city centres even more attractive, not only by demarcating core shopping areas better, but also by curbing inner-city traffic flows. And the proximity of major employers and universities yields additional footfall as well.'

Out-of-town retail

'Belgium has a large number of roads with ribbon development along them. This is a phenomenon that has gradually developed over time, and unlike other Vastned countries, we are in a good position to take advantage of this. Shops along such through roads at central locations are referred to as -out-of-town retail. For example, we own almost 50% of the retail property in what is known as the 'Gouden Kruispunt' [Golden Crossroads] in Tielt-Winge. This 'run shopping location' not only has excellent accessibility, but unlike in city centres, the shops here are every week open on Sundays. With more than 18,000 square metres and an almost perfect mix of big retailers like Aldi, Jysk, Buitenhof, JBC, Kwantum and Krëfel, we are well represented here,' Sven said.

Sustainability: a win-win

Vastned actually wants to lead the way in sustainability, so we have decided to act together with our tenants. For example by installing solar panels on the roofs of our out-of-town properties. In historic city centres we aim to install more insulation in walls and roofs. Tenants can take further sustainability measures within the property by adapting heating systems, for example. Together, we are creating a win-win situation,' Sven Bosman concludes.

Key figures 2022

Direct result per share
(in €)

2.05 > 1.93

2022 2021

Collection rate

98.2% > 95.7%

2022 2021

Like-for-like rental growth

7.5% > 0.7%

2022 2021

Loan-to-value

43.4% > 43.0%

2022 2021

Direct result

(€ thousand)

	2022	2021
Gross rental income	66,377	62,216
Other income	409	490
Net service charge expenses	(61)	(142)
Operating expenses	(7,033)	(5,942)
Net rental income	**59,692**	**56,622**
Financial income	13	36
Financial expenses	(12,018)	(11,906)
Net financing costs	**(12,005)**	**(11,870)**
General expenses	(6,890)	(6,707)
Direct result before taxes	**40,797**	**38,046**
Current income tax expense	(855)	(633)
Movement deferred tax assets and liabilities	(144)	139
Direct result after taxes	**39,798**	**37,552**
Direct result attributable to non-controlling interests	(4,621)	(4,494)
Direct result attributable to Vastned Retail shareholders	**35,177**	**33,058**

Indirect result

(€ thousand)

	2022	2021
Value movements in property in operation	(19,457)	(26,531)
Total value movements in property	**(19,457)**	**(26,531)**
Net result on divestments of property	635	234
Value movements in financial derivatives	16,319	3,584
Abortive purchase costs	(719)	–
Indirect result before taxes	**(3,222)**	**(22,713)**
Movement deferred tax assets and liabilities	(231)	988
Indirect result after taxes	**(3,453)**	**(21,725)**
Indirect result attributable to non-controlling interests	(379)	3,072
Indirect investment result attributable to Vastned Retail shareholders	(3,832)	(18,653)

Total result attributable to Vastned Retail Shareholders

Direct result attributable to Vastned Retail shareholders	35,177	33,058
Indirect investment result attributable to Vastned Retail shareholders	(3,832)	(18,653)
Result attributable to Vastned Retail shareholders	**31,345**	**14,405**

Per share (€)

	2022	2021
Direct investment result attributable to Vastned Retail shareholders	2.05	1.93
Indirect investment result attributable to Vastned Retail shareholders	(0.22)	(1.09)
Result per share	**1.83**	**0.84**

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 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.

Notes on the financial results

Financial results (€ million)	2022	2021
Direct result	35.2	33.1
Indirect result	(3.8)	(18.7)
Result attributable to Vastned Retail shareholders	**31.3**	**14.4**
Result attributable to non-controlling interests	5.0	1.4
Result after taxes	**36.3**	**15.8**

Result attributable to Vastned Retail shareholders

The split of the direct and indirect results in 2022, compared with 2021, is as follows:

Total (€ thousand)	Direct result 2022	Indirect result 2022	Total result 2022	Direct result 2021	Indirect result 2021	Total result 2021
Net rental income	59,692	–	59,692	56,622	–	56,622
Total value movements in property	–	(19,457)	(19,457)	–	(26,531)	(26,531)
Net result on divestments of property	–	635	635	–	234	234
Total net income from property	59,692	(18,822)	40,870	56,622	(26,297)	30,325
Net financing costs	(12,005)	16,319	4,314	(11,870)	3,584	(8,286)
General expenses	(6,890)	–	(6,890)	(6,707)	–	(6,707)
Abortive purchase costs	–	(719)	(719)	–	–	–
Total expenditure	(18,895)	15,600	(3,295)	(18,577)	3,584	(14,993)
Result before taxes	40,797	(3,222)	37,575	38,045	(22,713)	15,332
Total income taxes	(999)	(231)	(1,230)	(493)	988	495
Result after taxes	39,798	(3,453)	36,345	37,552	(21,725)	15,827
Result attributable to Vastned Retail shareholders	35,177	(3,832)	31,345	33,058	(18,653)	14,405
Result attributable to non-controlling interests	4,621	379	5,000	4,494	(3,072)	1,422
	39,798	(3,453)	36,345	37,552	(21,725)	15,827

Per share (€)						
Result attributable to Vastned Retail shareholders	2.05	(0.22)	1.83	1.93	(1.09)	0.84

The result attributable to Vastned Retail shareholders, which comprises the direct and indirect results, was € 31.3 million in 2022 (2021: € 14.4 million). The main factor in this higher result was the increase in the indirect result from € 18.7 million negative for 2021 to € 3.8 million negative for 2022. Within the indirect result, the decrease in value of the property portfolio in 2022 amounted to € 19.5 million (2021: decrease of € 26.5 million). As a result of the changed increased market interest rates, the value movements of the interest rate derivatives were € 16.3 million positive (2021: € 3.6 million).

The direct result increased from € 33.1 million in 2021 to € 35.2 million in 2022. Compared to 2021, the gross rental income increased with 6.7% to 66.4 million (2021: 62.2 million), the net rental income came out 5.2% higher (€ 59.7 million versus € 56.6 million).

Result per share

The result per share attributable to Vastned Retail shareholders was € 1.83 for 2022 (2021: € 0.84). The result comprises the direct result per share of € 2.05 (2021: € 1.93) and the indirect result per share of € 0.22 negative (2021: € 1.09 negative).

In the table below, the like-for-like development is shown:

Development in direct result per share (€)	
Direct result 2021	1.93
Like-for-like growth in net rental income	0.07
Increase in net rental income due to less impact Covid-19	0.13
Decrease in net rental income due to divestments	(0.02)
Decrease in financing costs due to lower average interest-bearing debt	0.01
Increase in finance costs due to change in average interest rate	(0.02)
Increase in general expenses	(0.01)
Increase in income tax	(0.03)
Increase in the result attributable to non-controlling interests	(0.01)
Direct result 2022	**2.05**

Development in net rental income 2022

Total (€thousand)	Netherlands	France	Belgium	Spain	Total	In % of 2021 amounts (2021 = 100)
Gross rental income 2021	**28,745**	**13,481**	**17,232**	**2,758**	**62,216**	**100.0%**
Acquisitions	77	–	–	–	77	0.1%
Divestments	(291)	–	(219)	(12)	(522)	-0.8%
Waivers of rent arrears (LfL) [2]	1,283	579	664	–	2,526	4.1%
Like-for-like rental growth [2]	767	722	244	347	2,080	3.4%
Gross rental income 2022	**30,581**	**14,782**	**17,921**	**3,093**	**66,377**	**106.7%**
Other income	–	326	83	–	409	
Addition to provision for expected credit losses	219	(402)	25	–	(158)	
Operating expenses [1]	(3,961)	(1,101)	(1,590)	(284)	(6,936)	
Net rental income 2022	**26,839**	**13,605**	**16,439**	**2,809**	**59,692**	**105.4%**
Net rental income 2021	24,893	12,862	16,228	2,640	56,623	100.0%
Operating expenses as % of gross rental income 2022 [3]	12.2	10.2	8.7	9.2	10.7	
Operating expenses as % of gross rental income 2021 [3]	13.4	4.6	5.8	4.3	9.0	

1) Including net service charge expenses.
2) Percentage calculated based on the standing portfolio – gross rental income 2021 minus the effect of divestments.
3) The operating expenses as % of gross rental income is higher in 2022 compared to 2021 as a result of a large amount of releases of provisions for expected credit losses accounted for in 2021. This is the result of the 'recycling' of provisions into waivers (negative rent) after agreements were made with our tenants on concessions as a result of (the impact of) Covid-19.

The table 'Development in net rental income 2022' 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

The gross rental income was € 66.4 million in 2022 compared with € 62.2 million in 2021. These movements are broken down per country in the table on the previous page.

Acquisitions

In 2022, Vastned acquired a property located at the Zuidplein Hoog 827 in Rotterdam for an amount of € 1.9 million including costs. In 2021, no acquisitions were made. As a result of this acquisition, gross rental income increased by € 77 thousand.

Divestments

In 2022, Vastned sold € 1.6 million worth of properties (bookvalue at the time of divestment). In 2021, properties with a bookvalue of € 17.5 million were sold. These divestments caused the gross rental income for 2022 to fall by € 0.5 million compared with 2021 and were from the Dutch, Belgian and Spanish property portfolios.

Waivers of rent arrears due to Covid-19

As a result of Covid-19, an amount of € 0.5 million in rent arrears was waived in 2022 (2021: € 3.0 million). The waivers of rent arrears in 2022 were predominantly granted in the Netherlands. Based on a like-for-like comparison, waivers of rent arrears were € 2.5 million positive.

Like-for-like gross rental growth

The like-for-like rental growth of the gross rental income was € 2.1 million positive compared to 2021. The like-for-like gross rental growth in the Netherlands, France, Belgium and Spain was € 0.8 million, € 0.7 million, € 0.3 million and € 0.3 million respectively, as a result of rental indexations and a higher occupancy rate during 2022.

The like-for-like growth of the gross rental income was 7.5% positive for the total property portfolio in 2022. Excluding the effect of waivers the like-for-like growth of the gross rental income was 3.4% positive.

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 2021 to € 6.9 million in 2022. Higher maintenance costs and letting costs mainly caused the increase of € 0.4 million.

The allocation to the provision for expected credit losses increased from € 0.4 million positive (release) in 2021 to € 0.2 million negative in 2022 (dotation). The dotation in 2022 consists of releases of earlier Covid-19 related provisions of € 0.2 million and dotations of € 0.4 million which were mainly related to the French portfolio.

The operating expenses expressed as a percentage of the gross rental income in 2022 was 10.7% (2021: 9.0%).

Value movements in property

The value movements in property in 2022 totalled € 19.5 million negative (2021: € 26.5 million negative). The value decreases in the Dutch, French and Belgian property portfolios were € 14.0 million, € 3.0 million and € 2.6 million respectively. In Spain, the value of property increased by € 0.1 million.

Net result on divestments of property

The net result on the divestments realised in 2022 after the deduction of sales costs plus some late results was € 0.6 million positive.

Expenditure

Net financing costs

The net financing costs including value movements of financial derivatives decreased from € 8.3 million in 2021 to € 4.3 million positive in 2022. 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 2021	8.3
Decrease due to lower average interest-bearing debts	(0.2)
Net increase due to lower average interest rate and changes in fixed/floating interest rates and working capital	0.3
Decrease due to positive value movements in financial derivatives	(12.7)
Net financing costs 2022	**(4.3)**

The net financing costs decreased by € 0.2 million due to lower average interest-bearing debts resulting from divestments and changes in working capital. The ratio of fixed/floating interest within the loan portfolio at year-end 2022 is 72.5%/27.5%. Due to the higher market interest rate, the average interest rate increased by 3 basis points from 1.88% in 2021 to 1.91% in 2022, pushing the interest expenses up by € 0.3 million. As a result of the changed increased market interest rate, the value movements of the interest rate derivatives were € 16.3 million positive (2021: € 3.6 million positive).

General expenses

General expenses were € 6.9 million in 2022 compared with € 6.7 million in 2021. The increase of € 0.2 million is mainly due to additional consultancy costs, higher IT costs and an increased audit fees.

Abortive purchase costs

The abortive purchase costs of € 0.7 million are costs related to an intended transaction, which could have resulted in a delisting of Vastned Belgium N.V. The discussions were ended due to rapidly changed market conditions.

Current income tax expense

In 2022, income tax payable on the reporting period for the regularly taxed entities in the Netherlands, Belgium and Spain was € 0.9 million (2021: € 0.6 million).

Movement in deferred tax assets and liabilities

The movement in deferred tax assets and liabilities was € 0.4 million negative in 2022 (2021: € 1.1 million positive). The increase in the provision for deferred tax in 2022 was mainly due to the write-off in 2022 of two deferred tax assets related to loss compensation and the earnings stripping rule.

Taxes

Vastned fully complies with tax regulations in the countries where we are based and we strongly believe that aggressive tax planning should be avoided. Although some countries have special tax regimes for property investments, such as the FBI regime in the Netherlands, the GVV regime in Belgium and the SIIC regime in France, Vastned understands that its tax contribution is an important contribution to the countries in which we operate. Vastned's total expenditure includes corporate income tax (regular taxed entities) but also wage tax, non-reclaimable VAT, local taxes, dividend tax and energy tax. More information on this is presented in Vastned's tax policy on page 78. This policy was defined in consultation with stakeholders, such as shareholders and interest groups.

Accounts receivable and other receivables

As at 31 December 2022, Vastned had a total accounts receivable position of € 11.7 million (31 December 2021: € 10.8 million), of which € 1.9 million was provided for (31 December 2021: € 1.9 million). The limited increase is caused by a higher total amount of pre-invoiced rent. The total value of the accounts receivable, after deduction of the provision for expected credit losses, can be broken down according to the nature of the receivable as follows:

31 December 2022 (€ thousand)	Gross amounts	Provision for expected credit losses	Net amounts
Overdue accounts receivable not COVID-19-related	3,228	(1,601)	1,627
Overdue accounts receivable related to COVID-19	552	(336)	216
Accounts receivable for which the debtor has been granted a deferment due to COVID-19	215	–	215
Accounts receivable regarding pre-invoiced rent	7,654	–	7,654
Other receivables	26	–	26
	11,675	**(1,937)**	**9,738**

Part of the total accounts receivable position are receivables overdue by more than one year that are fully provided for but cannot yet be written off in connection with bankruptcies that have not yet been fully settled. These are mostly accounts receivable that are unrelated to Covid-19.

Financing structure

Financing is a key pillar of Vastned's strategy. Vastned aims for a conservative financing structure, with an internal long-term loan-to-value ratio of below 40%. The company also strives to diversify its financing sources; for example, 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 is able to realise a better spreading of financings over lenders.

Sustainability is a key part of Vastned's mission, strategy and organisation. 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. Within this framework, Vastned can issue a range of green financing instruments.

In 2022, the existing interest rate policy to fix the interest rate of approximately two-thirds of the loan portfolio was continued. During 2022, Vastned extended the duration of part of its syndicated loan facility by one year to 12 September 2025 for a facility amount of € 200 million.

As at 31 December 2022, Vastned's balance sheet showed a healthy financing structure with a loan-to-value of 43.4% (year-end 2021: 43.0%) and a solvency ratio, being Group equity plus deferred tax liabilities divided by the balance sheet total, of 55.4% (year-end 2021: 55.1%).

As at year-end 2022, the loan structure had the following features:
- The outstanding interest-bearing loans totalled € 613.6 million (year-end 2021: € 616.3 million).
- The total non-bank loans amounted to € 214.9 million (35.0%) of the total outstanding interest-bearing loans, significantly above the internal target of minimum 25%.
- 95.4% of the outstanding loans were long-term, with a weighted-average duration based on contract expiry dates of 2.2 years.

- Long-term loans totalling € 297.2 million will expire in 2024. This amount is partly related to the syndicated credit facility, the private placements with AXA and Barings and a number of Vastned Belgium's credit facilities.
- 4.6% of the outstanding loans were short-term, including a € 15.0 million term loan that expires in July 2023 within Vastned Belgium and the amount drawn on the Green RCF facility in December 2023.
- 72.5% of the outstanding loans had a fixed interest rate, principally due to the use of interest rate derivatives and private placements.
- The rent review dates are spread, with a weighted average duration of 2.3 years.
- The average interest rate in 2022, taking account of the interest rate derivatives agreed upon and the private placements, was 1.9%. The average interest rate based on the outstanding interest-bearing debt at year-end 2022 was 2.1%.
- 27.5% of the outstanding loans had a floating interest rate.
- Due to changes in the interest rate curve, the value of the interest rate derivatives increased to € 15.1 million positive (year-end 2021: € 1.2 million negative).
- The unused credit facilities amounted to € 124.8 million (€ 122.0 million at year-end 2021).

With a solvency ratio of 55.4% and an interest coverage ratio of 5.0, Vastned was compliant with all bank covenants as at year-end 2022. 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.

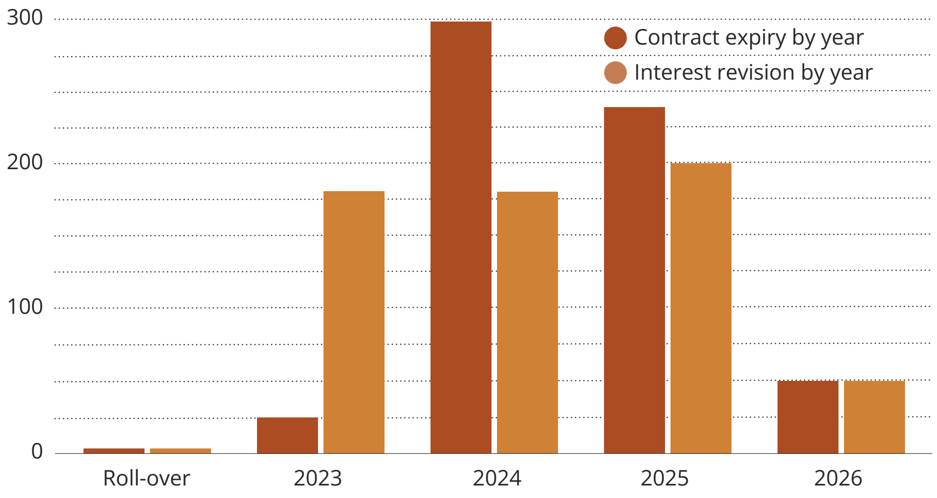
The unused credit facilities of € 124.8 million as at year-end 2022 provide ample liquidity to fulfil short-term payment obligations.

Loan portfolio as at 31 December 2022

(€ million)	Fixed interest [1]	Floating interest	Total	% of total
Long-term debt	429.9	155.4	585.3	95.4
Short-term debt	15.0	13.3	28.3	4.6
Total	**444.9**	**168.7**	**613.6**	**100.0**
% of total	72.5	27.5	100.0	

1) Taking account of interest rate derivatives.

Contract and interest-rate revision dates of the loan portfolio as at 31 December 2022 (€ million).



Development of net asset value per share

As a result of the combined direct and indirect result per share of € 1.83 positive, the other movements of € 0.13 positive, the 2021 final dividend distribution of € 1.20 per share and the 2022 interim dividend distribution of € 0.59 per share, the net asset value increased from € 41.57 per share at year-end 2021 to € 41.74 at year-end 2022.

The EPRA NRV per share as at 31 December 2022 was € 46.79 per share compared with € 47.73 at year-end 2021.

People

'The colour of the city centre is shifting and giving way to a wider palette of functions. This is mainly due to the experience economy. People have sufficient free time and seek out the city centre for a combination of hospitality, fun shopping, targeted shopping and specialty retail, but also use their visit to be inspired by art, film, culture and e-commerce hotspots or flagship stores. Relatively compact city centres with an authentic and historic character, a wide variety of shops, wider cultural offerings and, above all, a presence of universities and colleges will be tomorrow's winners.'

Prof. dr. Ed F. Nozeman, professor emeritus of Real Estate Development

Special

'Combining retail, hospitality, education and culture is a golden formula'

Prof. dr. Ed F. Nozeman (79) is emeritus professor of Real Estate Development at both the Amsterdam School of Real Estate (ASRE) and the University of Groningen (RUG). He is known for numerous academic articles and is author and co-author of several well-known urban planning books. 'City centres are in transition,' Nozeman says.

Transition

As an expert urban planner, he is a subject specialist with a sharp and up-to-date view on city centres and retail. 'Look,' says Prof. Nozeman, 'city centres change pretty fast over time. We are now seeing a real transition. We are living in an experience economy, where experience is perhaps the most important argument for visiting a city centre. In addition, single people are increasing in number; they now stand at 22 per cent of the Dutch population and we see similar developments throughout Europe. Many singles want to live in or near to the city centre and settle for smaller homes, for example above shops. Besides, older people are attracted to the city centre as well. This transition in the city centre translates to the retail sector with specialist shops, the second-hand economy, small craft shops, repair shops, smaller fitness centres, urban supermarkets and, above all, a wide variety of catering businesses; from terraces, wine and beer bars to haute cuisine and veggie restaurants. Recently, online shops have also started establishing city centre experience hotspots or flagship stores where consumers can find inspiration; experience also plays an important role there. As space for storage in city centres decreases, 'trendy neighbourhoods' on the edge of city centres are also undergoing a transition. This is also known as gentrification, resulting in new and interesting retail locations. And overall, there is a trend towards quicker turnarounds in retail offerings, creating again new experiences.'

New experiences

'Consumers are looking for new experiences constantly, for new things to savour, and it is simply nicer to be surprised in a historic city than in a decentralised shopping centre,' according to Nozeman. 'And let's not forget the effects of tourism. Several studies suggest that Amsterdam alone can expect nearly 18 million hotel stays in 2023. But the almost 40 high schools and 14 universities in the Netherlands also have a big impact. And they happen to be partly located in or near historic city centres. Higher education and culture act as key drivers of change in the retail landscape. Furthermore, bigger cities not only have bigger populations, but residents also tend to have higher disposable incomes. In regions without attractive cities, we also often see a decrease in absolute population and an overall less higher income level. Everyone seeks new experiences, and these are widely available in attractive city centres. The combination of shops, bars and restaurants, education and culture in a city is a golden formula. In a digitally connected world, people yearn for face-to-face quality time, and city centres are the ultimate place to find it.'

Retail responds to transitions

'I am supremely confident that city centres have a great future,' Nozeman concludes. 'Large companies are moving their headquarters to be close to public transport hubs and train stations. Their labour force lives in cities, and because their employees often travel with (e) bikes, (e)scooters and public transport, accessibility is great here. Again, this creates momentum for retail. Retail finds its way naturally into all these transitions, so to speak, and actively responds to them. Developers see opportunities to boost attractive brands and the combination of phygital experience and online shopping is a great fit. The city centre retail future looks bright!'

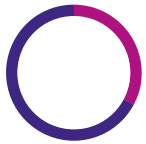
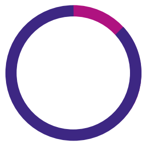
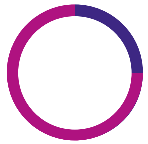
Key figures 2022

Employees

Number of employees		Employment (FTE) Fulltime		Employment (FTE) Parttime	
22	12	13	12	6.7	0

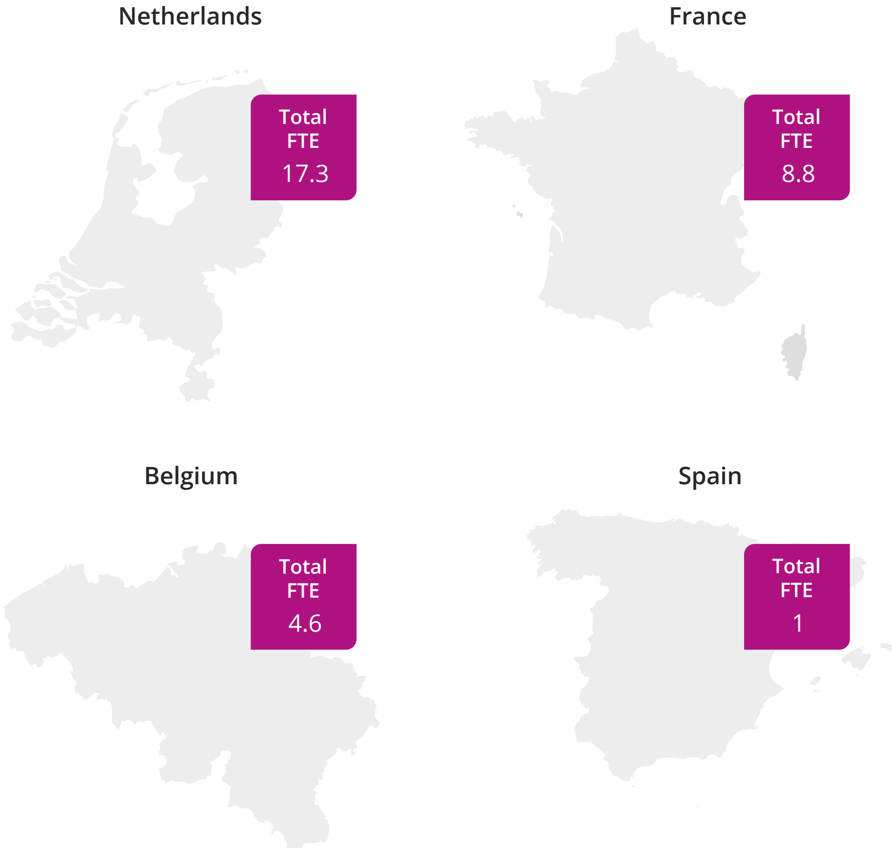
Gender diversity

	Supervisory Board	Executive Committee	Other direct employees
FEMALE	33%	17%	75%
MALE	67%	83%	25%

Job vacancies filled	Sickness absence rate	Employee training (hours total)
4	0.98%	1,097

Employees per country



People and society

The city centres of large European cities such as Paris, Amsterdam, Madrid, and Antwerp attract a high number of tourists and serve as a hub for people living in the surrounding communities. With a large population living within a one-hour drive of these city centres, the foot traffic on the prime shopping streets and areas of these cities is considerable. This is the key reason why retailers seek to occupy the best locations in these areas.

Vastned's properties are primarily located in densely populated urban areas, including some of the most popular streets in Europe's most attractive cities. These properties offer prime locations where people meet, work, live, shop and enjoy themselves. Tenants select these properties strategically to reach consumers, residents and visitors alike. The combination of shops, food and beverage, entertainment and cultural venues creates an attractive environment for both visitors and tenants.

Through years of experience, Vastned has developed a deep understanding of how inner-city areas function, and the mix of tenants that offers the best experience for residents and visitors. The company recognises that city centres often act as a magnet for people living in the suburbs and surrounding communities, and this is why many retail tenants and leading brands want to be in the heart of these metropolitan regions, especially in historical city centres, where Vastned owns most of its properties. These factors ultimately contribute to Vastned's long-term value creation.

Organisation

Employees and organisation: a crucial pillar of Vastned's strategy

Actively managing the property portfolio requires a professional, hands-on, proactive and pragmatic organisation. Good contacts and a robust local network are also indispensable. Vastned's employees play a crucial role in this respect and, in doing so, contribute to long-term value creation. Short communication lines and a horizontal organisational structure ensure the right dynamics. Vastned is a small but ambitious organisation with employees who are dedicated to managing a high-quality, sustainable property portfolio that is let to leading retailers.

Caring for employees

Vastned is committed to creating a positive and supportive work environment for all its employees. We recognise that investing in our teams leads to better outcomes for both the company and the employees involved. To promote a culture of continuous learning and growth, the company has implemented various initiatives. One of Vastned's core values is to promote an open and inclusive culture within its organisation. To ensure this, Vastned has a zero-tolerance policy for discriminatory behaviour and has appointed both an internal and an external confidential counsellor for employees to turn to in case they encounter any unpleasant situations. The company has also developed a diversity and inclusion policy that aims to promote gender equality and women's empowerment. This policy includes a goal for the Executive Board, Supervisory Board and Executive Committee that at least 30% of members should consist of the underrepresented gender. The company is committed to the principle of equal pay for equal work, regardless of gender, in line with the UN's Sustainable Development Goals.

In addition to promoting professional development, Vastned also places a strong emphasis on the health and well-being of its employees. The company offers half-price gym memberships and colleagues working at our head office can use the gym that is found in the same office building. Over the past year, Vastned has held individual conversations with our Dutch employees to discuss their well-being post-COVID. These discussions have resulted in valuable feedback and suggestions. As a result, new employment terms have been established to address these suggestions, such as providing a weekly budget for team lunches and offering the option to lease a bicycle.

At Vastned, annual performance evaluations are conducted with each employee. These evaluations provide an opportunity to set challenging targets that align the employee's professional development with the company's goals. Employees who successfully achieve these targets are eligible for variable bonuses. Additionally, Vastned is dedicated to creating a positive work environment for all employees and prioritises long-term results over short-term gains.

The cost of living has increased due to the current economic situation. To support employees during this period, Vastned paid Dutch employees with lower salaries a one-off net bonus on top of their November salaries. This bonus does not fully compensate for the costs associated with increased inflation but will help colleagues to bridge this difficult period.

One integrated organisation with local knowledge and experience

The Executive Committee is responsible for the day-to-day management of the company and supports the Executive Board in managing the company. The Executive Committee holds hybrid meetings; the meetings are held at the company's Hoofddorp head office and the members who are not present in the office join via Microsoft Teams.

Vastned operates with local teams across its offices in Hoofddorp, Antwerp, Paris, and Madrid. Depending on their size, the country teams are responsible for management, asset management, property management, technical project management and financial control. Additionally, there are various staff positions in finance and control, IT, secretarial, tax and legal affairs, most of which are concentrated in the Netherlands. While the local teams have a high degree of autonomy and responsibility, they adhere to a clear Vastned vision and receive support from the head office. Vastned also prioritises the professional development of its employees, offering opportunities for them to refresh their knowledge and skills through training. The company also works to improve work-life balance through flexible work arrangements. Last year, all employees were offered various training opportunities, including compliance and cybersecurity training and job-related studies.

Sharing knowledge and experience strengthens the organisation

The Vastned teams maintain regular communication and share their knowledge and experience through both informal exchanges and formal meetings. Twice a year, the commercial teams have formal meetings. These meetings bring together members of the Executive Committee and employees from Vastned's local commercial teams, providing opportunities for them to exchange experiences and collaborate on retailers, lettings, acquisitions, and divestments. This approach enables Vastned to better support retailers in their property strategies. The company also invites external experts to these meetings to share their perspectives and insights on relevant topics, such as trends in the retail market, retailers’ expansion plans and sustainability-related developments.

Vastned also strongly believes in collective training and events. The entire staff participated in a two-day event in Ghent in May 2022, which provided opportunities for employees from all four Vastned countries to come together and learn in a collaborative and supportive environment. The event also included social activities and team-building exercises. Having these connections between our various teams and colleagues is very important, and the Ghent event was proof of how much this had been missed during COVID-related lockdowns. This event made Vastned stronger.

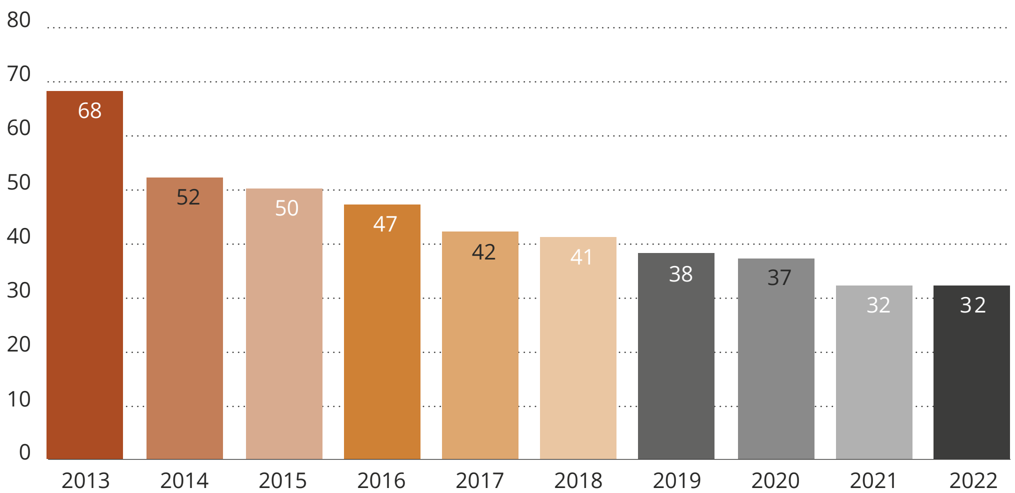
Additionally, Vastned has a tradition of participating in social projects each year, with the entire staff volunteering together. During the COVID-19 pandemic, participation in these projects was suspended. In 2022, the Dutch team had chosen “De Spelen” in the Olympic stadium in Amsterdam, allowing children of primary school age who live in deprived neighbourhoods to have an Olympic experience. Unfortunately, this event was cancelled due to bad weather and postponed to 2023. Nevertheless, the Dutch team will participate then. From 2023 and beyond, Vastned’s local offices will again participate in a volunteer day of their own choosing. This serves as an opportunity to do team building and make a positive impact on the world around us.

Employees

Vastned attaches great importance to diversity. Having a diverse mix of talents within teams and at all levels of the company ensures dynamism and a healthy balance of views and experiences, all of which are vital to achieving the best results. At Vastned, diversity concerns more than just the organisation's gender ratio; different backgrounds in terms of education, age and culture also play a key role.

Vastned has a lean organisation. At year-end 2022, Vastned employed 31.7 FTEs or 34 persons, the same number as at year-end 2021. Like in previous years the percentage of employees subject to a collective labour agreement was zero. During 2022, four valued colleagues took up challenges outside Vastned. Although the labour market is tight, we were able to fill their positions and attracted a new asset assistant for our French office and a portfolio manager, a business analyst and a group controller for our Dutch office. We welcome their arrival.

Development FTEs (year-end)



Number of employees

Female	Male
22	12

Full-time vs. part-time (FTE's)

full-time		part-time	
Female	Male	Female	Male
13	12	6.7	0

Employees by region

Netherlands				France			
Total FTE 17.3				Total FTE 8.8			
Female 9.3		Male 8.0		Female 5.8		Male 3.0	
Fixed contract	Temporary contract	Fixed contract	Temporary contract	Fixed contract	Temporary contract	Fixed contract	Temporary contract
18	1	7	1	9	0	3	0

Belgium				Spain			
Total FTE 4.6				Total FTE 1			
Female 3.6		Male 1		Female 1		Male 0	
Fixed contract	Temporary contract	Fixed contract	Temporary contract	Fixed contract	Temporary contract	Fixed contract	Temporary contract
5	0	1	0	1	0	0	0

Own staff vs. hired

Own staff	Hired externally
34	4


Pepe Jeans
LONDON
THE ORIGINAL
DENIM BRAND
TRADING CO.
AUTHENTIC GARMENTS
MFG & SPLY
PEPE JEANS LONDON
SALIDA
23

Planet

'Making property portfolios more sustainable is commonplace these days. And that is necessary too! As of this year, offices must have at least EPC C label. A legislative framework has not yet been established for retail properties, but it is expected that legal obligations will soon come into force for this type of property too. So in every conversation we have with retail developers, sustainability is always on the agenda. We advise our clients not to wait until the legislation is in place, but to be proactive. Vastned is a great example of this.'

Arjan van Eijk, Colliers Head of Sustainability*

*Arjan van Eijk was recently appointed Associate Director at CBRE

Special

Clear and ambitious sustainability approach

Arjan van Eijk: 'Colliers is a global listed (Nasdaq) real estate advisory and brokerage firm. With around 18,000 employees, Colliers manages over 18.5 million square meters of real estate, the vast majority of which are offices, retail and residential. We are active in the complete life cycle of buildings and therefore also focus on sustainability.'

Paris Climate Agreement

'Vastned recognises that its portfolio has an environmental and social impact,' Van Eijk says. 'That is why it has significantly increased its sustainability efforts. For example, by raising energy efficiency, using sustainable materials and creating healthy working environments. Colliers also conducts quick scans and prepares sustainability progress reports for Vastned. But above all, we advise the company on how best to achieve its sustainability goals.

CRREM: an internationally recognised sustainability monitor

'For Vastned, we use CRREM (Carbon Risk Real Estate Monitor), an internationally recognised and comprehensive method to benchmark the energy consumption of buildings against the 1.5 degrees Celsius level from the Paris Climate Agreement. Using this method, Vastned can provide insights into sustainability efforts for the entire portfolio based on an unambiguous KPI, which shows which buildings - mostly monumental old buildings in culturally valuable places in historical inner cities - need most attention. This is a good approach: step-by-step Vastned's portfolio can become sustainable future-proof. The monitor also highlights the sustainability risks at portfolio level and how they can be dealt with, both strategically and operationally. Using CRREM will help Vastned to realise greener assets,' Arjan van Eijk states.

Setting critical boundary

'We calculate the energy intensity (kWh per square meter per year) and CO_2 intensity (kgs of CO_2 equivalent per square meter per year) for each property. For this combined KPI, 2050 has been set as the final standard for each property, which is in line with the climate agreements in the Paris Agreement and therefore matches Vastned's ambition. Based on this final standard, CO_2 reduction paths have been set against which we can determine for each property the individual moment that this standard will not be met. As of that time, the building is no longer in line with the Paris Agreement. By mapping this for the entire portfolio, it becomes immediately visible for which buildings this non-alignment will be an issue over time. Thus, we flag up where the biggest challenges lie and how much CO_2 reduction is necessary to get in line with the Paris Agreement. By aggregating the individual outcomes for each property, we make the results transparent, as well as the risks at the overall portfolio level. This will also highlight the years in which the greatest decline is visible,' tells Van Eijk. 'By zooming in on the underlying properties, we can discover which (large) assets need further attention, that is to say additional capex investments in sustainability.'

Policy framework

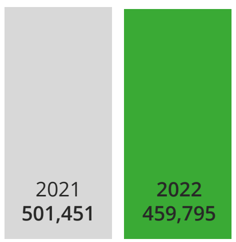
Van Eijk: 'So CRREM is a great model that also offers insights by city, location and, of course, by property. This yields a policy framework basis to proactively manage investment space and sustainability targets over time. At the same time, it shows up risks, which enables the company to anticipate the future. So overall, it provides a great deal of transparency to all Vastned's stakeholders, especially tenants for which Vastned creates a win-win situation. I am very proud indeed of what we have achieved together with Vastned in a relatively short time.'

Key figures 2022

Portfolio

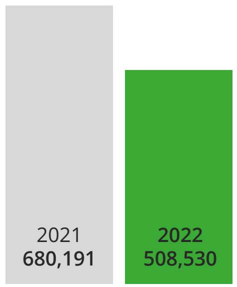
Total electricity consumption [1)]
(in kWh)

8% ↓



Total energy (fuel) consumption [1)]
(in kWh)

25% ↓



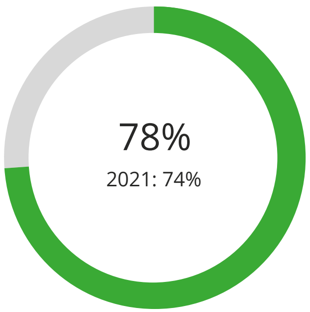
Use of renewable energy

EPRA Gold Awards

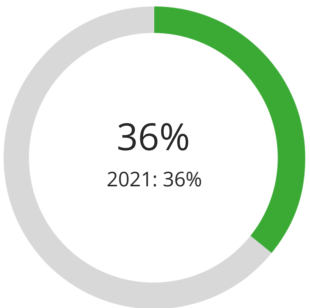
EPRA BPR GOLD

EPRA sBPR GOLD

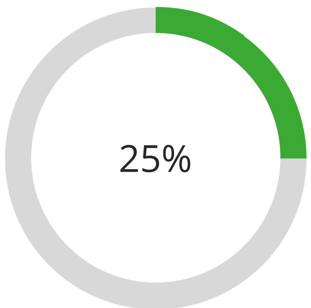
Buildings with EPC label



EPC label between A+ and C



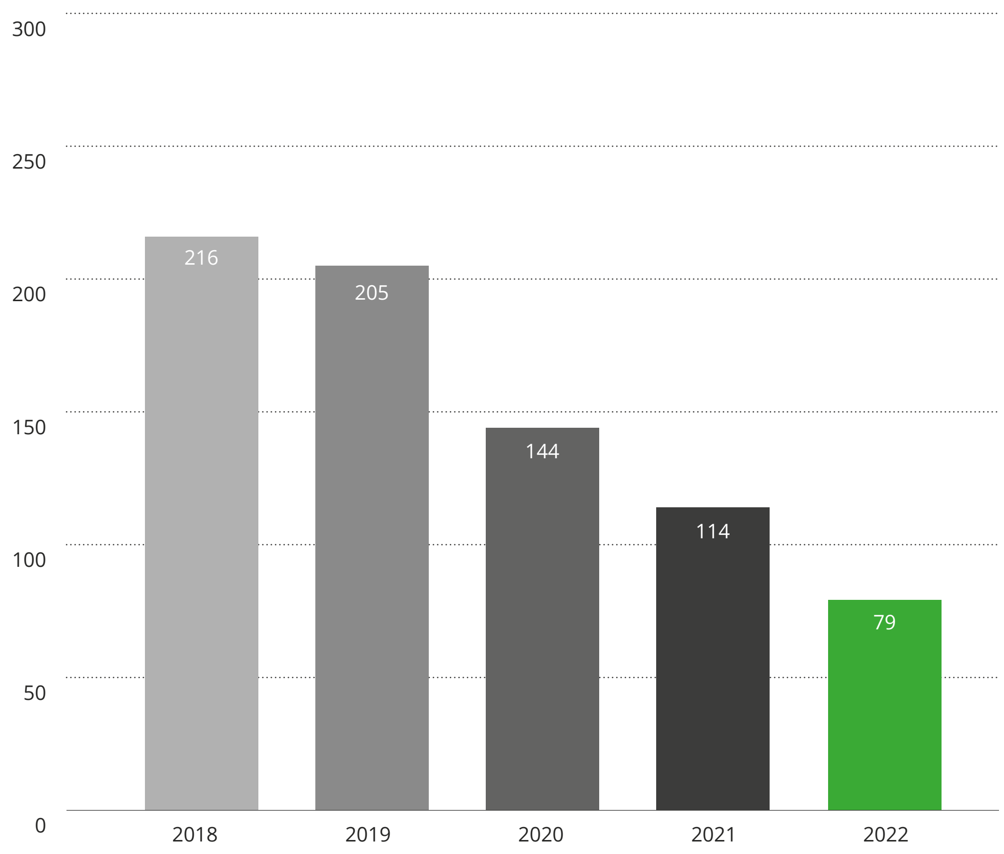
Market value of portfolio eligible for green financing



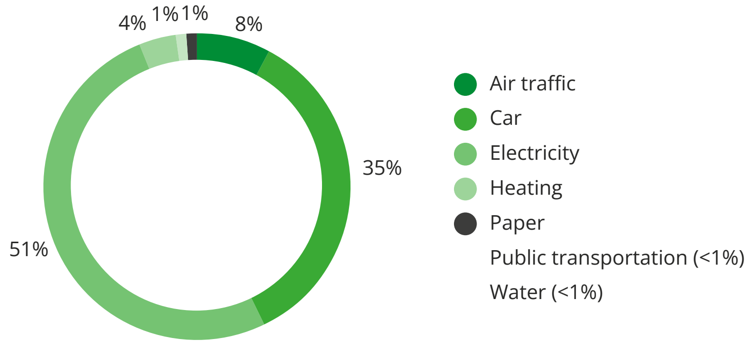
1) Of properties under operational control.

Own office

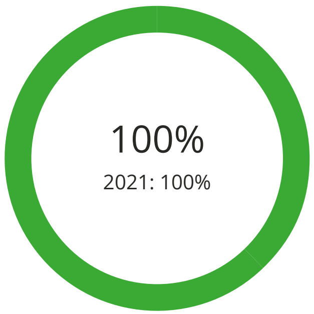
CO_2 emissions
(in tonnes CO_2)



Distribution of CO_2 emissions



Compensation of CO_2 emissions



Planet

As mentioned elsewhere, Vastned has incorporated some of the United Nations' Sustainable Development Goals (SDGs) into its business model. These objectives were chosen based on the areas where Vastned believes it can have the most significant impact. One of the major threats facing our planet is the emission of greenhouse gases. The buildings that Vastned owns are used by tenants for various purposes and consume energy in the process, leading to emissions of carbon dioxide (CO_2) and contributing to climate change.

To reduce the energy consumption of its tenants and subsequently decrease CO_2 emissions, Vastned tries to ensure that its properties are as energy efficient as possible. This is being and will be achieved through the implementation of energy-saving measures such as insulation, energy-efficient lighting, and the use of solar panels where feasible. Last year, Vastned set in motion a process of replacing all outdated boilers and gas installations in our residential units. Vastned has previously stated its commitment to achieving SDG 7.3, which aims to double global energy efficiency by 2030, and SDG 12.2, which aims to achieve sustainable resource management and efficient use of natural resources by 2030.

Vastned's properties and energy usage

Vastned is used to letting its buildings on a shell basis, meaning that the tenants are responsible for their own energy contracts and consumption. As a result, Vastned has had limited insight into its tenants' energy consumption and is only responsible for the energy consumption of a part of the properties in the portfolio. However, Vastned is aware of the environmental impact of its portfolio and realises that it must reduce energy consumption to create a mutually beneficial situation for our tenants, the planet and society as a whole.

Vastned's short-term objective is therefore to investigate the current energy consumption of all its properties in terms of kilowatt hours (kWh), which could be seen as our baseline measurement. Currently, Vastned only has direct data on 51 rented units out of 206 in the Netherlands. Additionally, Vastned aims to obtain Energy Performance Certificates (EPCs) for all its properties to gain more insight into the current energy efficiency of our properties as soon as possible. Vastned has already made significant progress with this in the past year. The proportion of commercial units with an EPC label increased from 74% at the end of 2021 to 78% at the end of 2022. In the Netherlands, France, Spain, and Belgium, the proportion of properties with an EPC is 96%, 100%, 100%, and 8%, respectively.

In line with the UN's Sustainable Development Goals, Vastned aims to extend its properties' lifespan as much as possible. Vastned is committed to using environmentally friendly and safe materials and equipment when renovating properties. The company ensures that all materials and equipment comply with environmental regulations and health and safety standards. Vastned also makes a conscious effort to use recycled materials as much as possible. When this is impossible, Vastned uses quality marks such as the Forest Stewardship Council (FSC) to ensure that materials have been responsibly sourced. In addition, when installing appliances, Vastned prioritises energy-efficient options, such as high-efficiency boilers, energy-efficient dishwashers, and LED lighting. Before each renovation, Vastned also explores opportunities for insulation, HR++ glass and solar panels to increase the energy efficiency of the building. However, due to the status of Vastned's portfolio and the technical limitations of its commercial units, the actions that can be taken are sometimes limited.

Continuous efforts towards the improvement of Vastned's sustainability performance

Vastned aims to ensure all assets have an EPC with an A rating where possible. This is the standard for Vastned's growing residential portfolio; most of the apartments in the portfolio have a good classification due to the significant number of renovations carried out over the years. Also in 2022, we successfully completed renovations on several buildings, improving energy efficiency.

Sustainable renovation projects in 2022

Street:	City:	EPC before:	EPC after:	Delivery date:	Comments:
Herengracht 424-3	Amsterdam	G	A	Feb/22	Conversion of office space into one apartment
Steenweg 1A, B en C (Choorstraat 13)	Utrecht	G	A (+1 /+2) and B (+3)	Q3-22	Splitting one apartment into three appartments
1e Jan van der Heijdenstraat 88A.1	Amsterdam	G	B	Aug/22	Renovation of one apartment
1e Jan van der Heijdenstraat 88.1	Amsterdam	G	C	Mar/22	Renovation of one apartment
Korte Brugstraat 2A en 2B	Breda	G	B (2A) and A (2B)	Oct/22	Splitting one apartment into two apartments

In 2022, Vastned also took several energy-saving measures to improve the efficiency of its commercial properties. These measures ranged from placing insulation in the rental units, installing air curtains and LED lights and placing smart meters to better collect data around energy consumption.

In 2023, Vastned will continue to improve its portfolio through sustainable renovation projects. The following projects will be executed in the coming year:

Sustainable renovation projects in 2023

Street:	City:	EPC before:	EPC indication after:	Expected delivery date:	Comments:
Ferdinand Bolstraat 47.2	Amsterdam	G	A (+2) and B (+3) (expected)	Q2-23	Splitting one apartment into two apartments
Steenweg 9/Choorstraat 9	Utrecht	G	A (expected)	Q2-23	Conversion of secondary space into five apartments (Steenweg) and conversion of 3 linked apartments into 3 independent apartments (Choorstraat). Total 8 apartments
Ferdinand Bolstraat 124.2	Amsterdam	G	A (expected)	Q3-23	Renovation of one apartment

Vastned's own office and its organisation's use of energy

In 2022, Vastned made a conscious effort to reduce its energy consumption by utilising electricity from Dutch wind power and green gas. Additionally, Vastned collaborated with Climate Neutral Group to offset its CO_2 emissions from heating, electricity, water, and paper usage in its own offices, including emissions from its employees' air, train, and car travel. Based on the Gold Standard carbon offset programme, this was achieved by purchasing CO_2 credits that support projects to reduce CO_2 emissions. In 2022, Vastned's emissions and offsets totalled 78,4 tonnes of CO_2 equivalent (CO_2e), compared to 114 tonnes of CO_2e in 2021. The decrease was primarily due to the move to the new Dutch office in 2021, which we are in for the first whole year and the switch to electric heating in the France office.

Contribution to society

Vastned has included a green and ethical clause in new leases to make its tenants aware of their impact on the environment and society. This clause addresses subjects such as using natural resources, the circular economy model, the International Labour Organization, international codes and standards of conduct, human rights, child labour and animal welfare. In 2022, the company succeeded in adding a green and ethical clause to 100% of all newly concluded leases for retail assets.

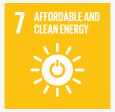
Green Finance Framework

Vastned has developed a Green Finance Framework to attract funding to (re)finance energy-efficient commercial and residential properties that contribute to preserving historic city centres. Vastned can issue various green financing instruments within this framework, such as green bonds, green private placements and 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 set 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 UN's Sustainable Development Goals and the EU's Taxonomy of sustainable economic activities.

The qualification criteria align with those commonly used in the market for green financing instruments. Since the requirements 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.

At the start of 2022, a new target was set to increase the green financing-eligible assets of the portfolio to 25% of the total market value. In 2022, we applied for the renewal of the energy labelling of the 15 most valuable assets in the Netherlands. This resulted in a major increase in the percentage of eligible assets (25%), as a result of which these assets scored well in terms of theoretical energy performance. While this is a significant improvement, it only partly reflects Vastned's efforts to improve energy efficiency in recent years. For 2023 and onwards, Vastned will use the Carbon Risk Real Estate Monitor (CRREM).

SDG	Eligible assets qualification criteria	EU Taxonomy environmental target & economic activities
Eligible  	**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.

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.

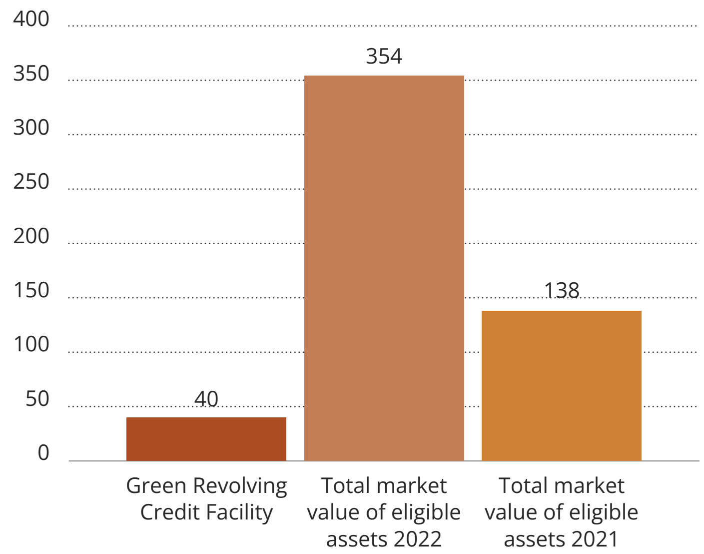
Under the Framework, Vastned has in place a committed € 40.0 million Green Revolving Credit Facility ('Green RCF') as of 31 December 2020, to which ABN AMRO Bank N.V. and Coöperatieve Rabobank U.A. each participate for € 20.0 million.

Figure 1 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 asset portfolio.

Currently, the portfolio in France does not include properties that meet the qualifications for eligible assets. The portfolio mainly consists of listed buildings, which often have restrictions on interior and exterior renovations. This limits Vastned's ability to improve the energy efficiency of the assets. Despite these constraints, Vastned still works to optimise energy efficiency.

Allocation overview of eligible assets

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



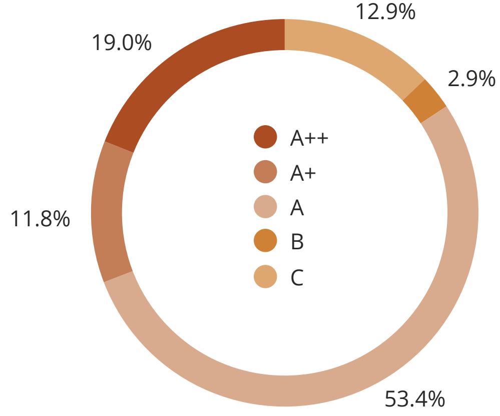


Figure 3: Distribution of EPC labels as a percentage of the total value eligible assets.

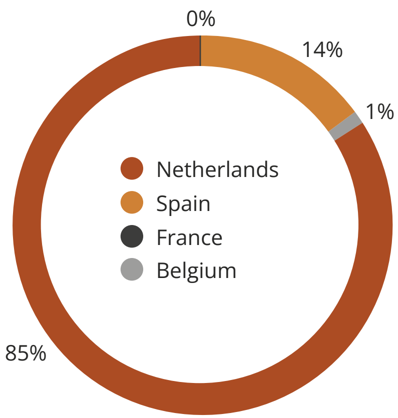
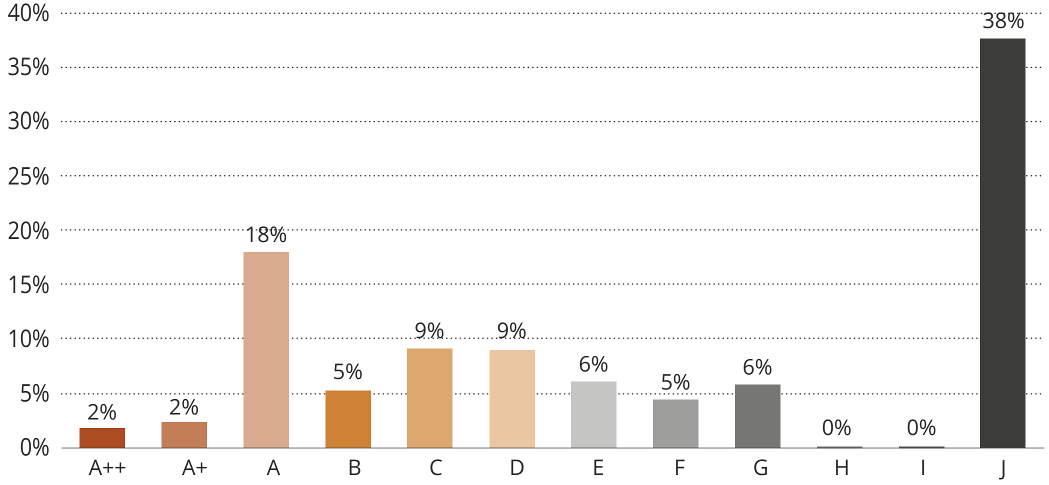


Figure 2: Distribution of eligible assets as a percentage of total value eligible assets.

Figure 4: Distribution of EPC labels as a percentage of the total floor area.



EU Taxonomy

In 2020, the European Commission launched its Green Deal, a strategy to make Europe the first climate-neutral continent by 2050. Key objectives in achieving this goal include reorienting capital flows towards sustainable investments and increasing transparency. In light of these objectives, a classification system was developed, known as the EU Taxonomy, which established a list of environmentally sustainable economic activities. The EU Taxonomy provides companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In this way, it should create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation and help shift investments to where they are most needed.

The Taxonomy Regulation established six environmental objectives

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Under the Taxonomy Regulation, a list of environmentally sustainable activities is composed by defining technical screening criteria for each environmental objective through delegated acts. For each activity, a description of the eligibility criteria is given. Companies falling under the scope of the EU Non-Financial Reporting Directive (NFRD), which is not the case for Vastned, have been obligated to report on specific elements of the EU Taxonomy since 2021. Climate mitigation and adaptation are already in effect and have been researched for Vastned. Our eligibility for these two climate objectives was determined at 100% by Sustainalize. Companies will also have to report on their share of ‘alignment’, i.e., whether the company's activity aligns with the criteria described in the EU Taxonomy.
Furthermore, the EU is aiming to replace the NFRD with the EU Corporate Sustainability Reporting Directive (CSRD). Vastned will closely follow developments around the EU Taxonomy and the CSRD in 2023 to ensure it is aligned with any regulatory changes applicable to Vastned.

Partners in our sustainability mission

Currently, Vastned's non-financial information is not subject to external audit. To reach our sustainability objectives, Vastned has entered into partnerships with the following six external organisations, each possessing a unique area of expertise:

- Sustainalize supports Vastned in analysing and measuring the needs of its stakeholders. Sustainalize also assists Vastned in correctly reporting in accordance with international reporting standards.
- Sustainalytics has supported Vastned in reviewing and verifying the Green Finance Framework by providing a second-party opinion (SPO) on this framework. Sustainalytics' SPO can be found on the Vastned website.
- Vattenfall provides data regarding the use of gas and electricity within Vastned’s portfolio.
- Climate Neutral Group supports Vastned in collecting energy data from its own offices in the four countries in which Vastned operates and helps calculate the amount of $CO2$ that we need to offset.
- JLL supports Vastned in aggregating its energy data and ensures that this is done in accordance with the relevant EPRA standards.
- Colliers is our most recent sustainability partner. They will assist us by introducing the Carbon Risk Real Estate (CRREM) model.

By entering collaborations with these six parties, Vastned has developed an internal process to ensure the accuracy and completeness of its non-financial information. Vastned is fully aware of the challenges ahead and is determined to make a positive contribution towards a more sustainable world.

Our approach to ESG

Vastned considers sustainability integral to its mission, strategy and operations. The company strives to create long-term value for its shareholders, financiers, tenants, employees and society by acting and reporting transparently at all times. Vastned has implemented a sustainability framework that explains how the company's mission, values, foundation and operational activities relate to each other and jointly contribute to the realisation of both financial and non-financial goals.

Vastned's mission as a company and its sustainability mission complement one another. Together, they lead to stable and predictable long-term results, whilst the lifespan of properties in historic city centres is extended, and the liveability and safety of inner cities are improved. The company's environmental, social and governance (ESG) values align with the six most important material topics derived from its materiality assessment. These material topics are grouped into three areas: enhancing the liveability of urban centres, minimising the negative environmental impact of Vastned's properties and improving the satisfaction rates for tenants and consumers. The goal is to strengthen our business by consistently working with sustainability in mind. Vastned's ESG Policy and value creation model describe how the company's impact should ultimately contribute to the Sustainable Development Goals (SDGs) set out by the United Nations.

Vastned's approach to ESG is based on the following principles:

- Vastned and its employees will always comply with applicable laws and regulations.
- Vastned endorses the 17 UN Sustainable Development Goals.
- Vastned endorses the 10 principles of the UN Global Compact on human rights, working standards, the environment, and the fight against corruption.
- Vastned endorses the Paris Climate Agreement.
- Vastned aims to make a positive contribution to safeguarding the environment.
- To the extent possible, Vastned endeavours to extend the (economic) lifespan of its properties and improve their energy efficiency.
- Vastned will do its utmost to preserve monuments and cultural heritage.
- As a professional organisation, Vastned invests continuously in its workforce, with a specific focus on the health and welfare of its employees.
- Vastned and its employees will always act fairly and ethically.
- Vastned aims to contribute positively to society.

Sustainability framework

Vastned's mission	Connecting property, people and experiences in historic city centres where shopping, working, living and leisure meet.
Vastned's sustainability mission	Creating and maintaining urban city centres in a sustainable way to improve social cohesion and the functional lifespan of properties.

Vastned's values	Proactivity	Sustainability	Quality	Entrepreneurship	Team spirit

	Enhancing the liveability of urban city centres	Minimising the environmental impact of our properties	Raising the satisfaction of tenants and consumers
Operations	Expanding clusters of assets in major urban centres	Providing buildings with an energy performance certificate (EPC)	Securing health and safety of tenants
	Creating and renovating residential space or offices above shops	Including green and ethical clauses in lease agreements	Secure long-term economic performance
	Preserving monuments and cultural heritage	Continuing energy-saving programs	Fostering transparency and communication

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

Materiality assessment 2022

In 2022, Vastned performed a new materiality assessment with support from Sustainalize. The assessment began with a list of 17 relevant topics. The Global Reporting Initiative (GRI) defines a material topic as a topic that reflects the organisation's most significant impacts on the economy, the environment, and people, including impacts on human rights. These topics were selected through desk research. The analyses took into account sector information (for example, sector-specific international sustainability frameworks), as well as company-specific information (for example, strategic plans and identified risks and opportunities). Based on a thorough analysis, a shortlist of 17 relevant material topics was compiled for Vastned, including links with the EU Taxonomy for sustainable activities and the Corporate Sustainability Reporting Directive (CSRD), as well as a definition of each topic.

Stakeholders

As a first step towards creating the materiality analysis, the 17 listed topics were validated by a selection of relevant stakeholders during interviews. A detailed explanation of the stakeholders involved is included in the chapter, 'Stakeholders'.

Highly material topics

As a second step, members of Vastned's Executive Committee prioritised the list of topics through a survey based on the assessment of Vastned's potential impact (positive or negative) with regard to the economy, the environment and people. The collected stakeholder input was shared with the Executive Committee to enable the prioritisation of topics. This prioritisation resulted in six highly material topics.

Other material Topics

Topics such as 'support for biodiversity', 'waste management' and 'water management' are not considered highly material topics for Vastned by its management or its most important stakeholders. However, topics that were identified as less material for Vastned may still be relevant to society at large and are increasingly becoming part of mandatory non-financial reporting in Europe. Please note that Vastned also considers these material topics to be important given the broader societal context and the company's purpose of connecting real estate to society. In light of this, Vastned also recognises its obligation to have a positive impact or reduce its negative impact with respect to all material topics wherever possible.

Double materiality approach

In accordance with the double materiality approach, stakeholders were also asked to indicate the expected financial materiality of the material topics. Stakeholders were asked which topics can be considered as opportunities or risks for Vastned's financial value. Their input, together with the weighting of Vastned's Executive Committee, shows a significant overlap between these topics and the highly material topics as already defined.

GRI and CSRD

In previous years, Vastned followed the GRI standards as an important set of guiding principles for how to perform the materiality assessments, and as guidance on which non-financial information and performance indicators to disclose. As of 2022, the company has shifted its focus towards the requirements of the CSRD, which will apply to Vastned from 2026 onwards.

Top-6 highly material topics

A desktop analysis resulted in the selection of 17 relevant topics, which were the basis for the stakeholder and management consultation. The outcome resulted in the following highly material topics for Vastned:

1. Stable and predictable long-term returns

2. Preservation and improvement of cultural heritage

3. Energy-efficient buildings

4. Responsible rent and lease management

5. Ethical and transparant business practices

6. Local value creation for communties

- Environmental
- Social
- Governance

#	Our material topics	
	Stable and predictable long-term returns	Highly Material topics
	Preservation and improvement of cultural heritage	
	Energy-efficient buildings	
	Responsible rent and lease management	
	Ethical and transparant business practices	
	Local value creation for communities	
7	Climate resilient portfolio	Medium Material topics
8	Healthy and safe portfolio	
9	Employer of choice	
10	Data protection and privacy	
11	Diversity & inclusion	
12	Sustainable procurement and reuse of materials	
13	Digitisation and services	Low Material topics
14	Low-carbon business operations	
15	Waste management	
16	Support for biodiversity	
17	Water management	

Comparison with previous materiality assessment

Comparing the material topics from the 2022 materiality assessment with the previous assessment conducted in 2019 reveals that the topic 'Stable and predictable long-term returns/ results' is still considered the most material topic for Vastned. Compared to the 2019 ranking of material topics, a clear shift upward is seen in the topics 'Preservation and improvement of cultural heritage' and 'Responsible rent and lease management, with the latter being comparable to the 2019 topic 'Informing and supporting tenants on sustainability'. Furthermore, 'Energy-efficient buildings' has become even more prominent as a topic compared with the equivalent 2019 topic, 'Sustainable and Efficient buildings'. A clear downward shift is observed regarding the topic 'Low-carbon business operations', which is comparable to the 2019 topic 'Sustainable business operations'. This topic is likely seen as less material because Vastned's own operations are relatively small, and given the significant efforts made before there is less impact to be expected going forward.

ESG Policy

In developing an ESG Policy, Vastned took into consideration the topics recommended by the UN Principles for Responsible Investment (PRI) and the Sustainable Development Goals (SDGs) formulated by the United Nations in 2015. While all of these goals and principles are important, certain are more critical to Vastned's operations. As described in previous paragraphs, the materiality assessment has highlighted sustainability topics that are seen as particularly important by our stakeholders for Vastned's operations.

The UN Principles for Responsible Investment are a set of guidelines to help investors integrate environmental, social, and corporate governance (ESG) factors into their investment decision-making processes. The principles were developed by the United Nations in 2006 and were designed to encourage responsible investment practices in the financial industry. By keeping these principles in mind, Vastned can better meet its stakeholders' ESG expectations.

UN Principles for Responsible Investment

Environmental	Social	Governance
Biodiversity and habitat	Community development	Anti-bribery and money laundering
Climate change	Health and safety	Cybersecurity
Land contamination	Human rights	Data protection and privacy
Energy consumption	Inclusion and diversity	Legal and regulatory fines
Greenhouse gas emissions	Labour standards and working conditions	ESG clauses in existing leases
Indoor environmental quality	Social enterprise partnering	
Location and transportation	Stakeholder relations	
Materials	Occupier amenities - showers, changing rooms	
Pollution	Controversial tenants	
Resilience to catastrophe/disaster		
Renewable energy		
Sustainable procurement		
Waste management		
Water consumption		

Sustainable Development Goals (SDGs)

The United Nations' SDGs are a set of 17 global goals established in 2015 with the aim of ending poverty, protecting the planet and ensuring that all people can enjoy peace and prosperity by 2030. They cover a range of social and economic development issues, as well as issues related to water, sanitation, energy and the environment. Vastned endorses the importance of these goals and has identified six main goals to which it can contribute. The goals, are included in the core values of our business strategy, are the following:

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
6. Promoting security, public services and justice for all

The main goals are broken down into more specific sub-goals. There are ten sub-goals that Vastned has included in its value creation model. Our achievements regarding these sub-goals are explained in more detail in the previous sections Property, People and Planet.

Property	
SDG: 11.4:	Strengthen efforts to protect and safeguard the world's cultural and natural heritage.
People	
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.
SDG: 8.5:	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 (see People chapter).
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.
Planet	
SDG: 7.3:	Double the global rate of improvement in energy efficiency by 2030.
SDG: 12.2:	Achieve sustainable management and efficient use of natural resources.
Transparancy	
SDG: 12.6:	Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Stakeholders

Vastned operates in collaboration and dialogue with a range of stakeholders. In 2022, 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 or are impacted by Vastned's activities are considered the most relevant. Vastned has identified the following stakeholder groups as being of particular importance to its long-term value creation and value chain approach.

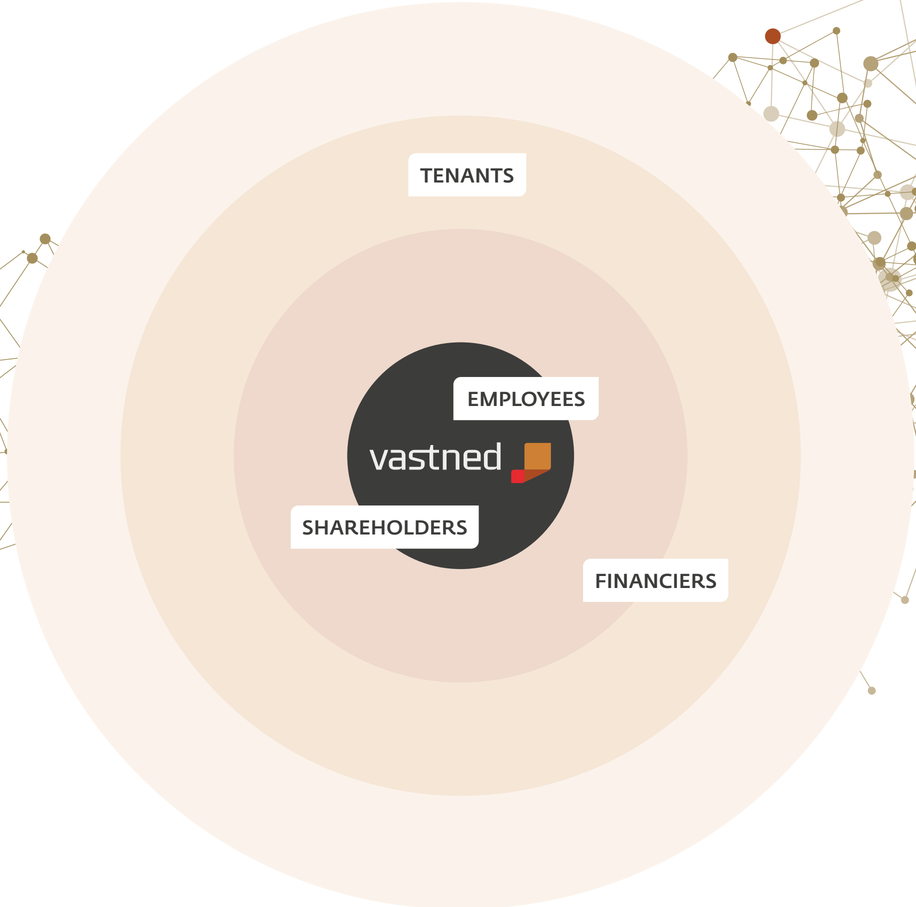
Shareholders

Vastned is a property company that enables its investors to jointly invest in property in the city centres of selected European cities. Shareholders provide equity capital which, in conjunction with additional sources of finance such as bank loans and other loan agreements, enables Vastned to maintain its property portfolio and make new investments. Many of Vastned's shareholders are long-term investors, including both institutional and private investors. The company's Annual General Meeting is the most important channel for holding dialogues with shareholders. In addition, Vastned participates in investor relations events and meetings to reach new and existing investors. In addition to communicating externally via press releases, equity research analysts provide Vastned with an important link to the financial markets within the wider external communication process. Vastned is currently being followed by analysts from five reputable parties.

Employees

Vastned promotes a collaborative 'family' culture in which every employee contributes to the effective implementation of the company's strategy. Expanding and actively managing the portfolio requires a hands-on, proactive and pragmatic organisation, for which close cooperation, good contacts and a strong local network are indispensable. As at year-end 2022, 34 individuals (32 FTE) were employed by Vastned across its Hoofddorp, Antwerp, Paris and Madrid offices.

Stakeholder diagram



Stakeholder dialogue

Stakeholder group	Shareholders Frequency: Quarterly Responsibility: Investor Relations and Executive Board	Employees Frequency: Daily Responsibility: Human Resources	Financiers Frequency: Quarterly Responsibility: Executive Board	Tenants Frequency: Daily Responsibility: Portfolio managers
Communications	• Press releases • Annual General Meeting (AGM) • Website • Social media (LinkedIn) • Webcast and presentations • Conferences • One-on-one meetings • Surveys	• Feedback opportunities • Sharing knowledge and experience • Team building events	• Regular meetings • Seminars • Surveys	• Regular meetings • Seminars • Surveys
Discussion points	• Strategy and results • Portfolio optimalisation • Efficient organisation • Conservative financing • Trends and developments • Risks and Opportunities • ESG/Sustainability/SDGs • Corporate Governance • Remuneration • Other AGM agenda items	• 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	• Annual Report • Trading statements • Other periodical updates • Strategy updates	• 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

Financiers

Loan capital providers and 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, including ABN AMRO, Belfius, BNP Paribas, ING, KBC and Rabobank. Pricoa Capital Group, AXA Real Estate and Barings have provided non-bank loans to Vastned.

Tenants

The tenants of Vastned's properties include leading international and domestic retail brands, as well as local retailers. These organisations lease from Vastned because of the quality and uniqueness of the properties and their valuable city-centre locations. A great number of our properties have offices or residential space on the floors above the retail units, which are highly popular with private tenants who want to work and live in city centres.

Corporate Governance

Vastned's strives to be 'best-in-class' with respect to good corporate governance and complies with the Dutch Corporate Governance Code ('Code') and the principles and best-practice provisions contained within the Code throughout 2022. Vastned has taken note of the Code update in December 2022. Despite the fact that this update will apply to the 2023 reporting year, Vastned has taken this update into account as much as possible already.

The full text of the Code may be inspected on:
→ www.mccg.nl

Governance structure

The main Corporate Governance points can be downloaded from the Vastned corporate website:
→ https://vastned.com/governance/

Given the size of its workforce, Vastned does not qualify as a 'structuurvennootschap' in the Netherlands. A list of subsidiaries and an explanation are provided in the financial statements on page 174.

Vastned has a two-tier board system consisting of a Supervisory Board and an Executive Board. Integrity, transparency and accountability are key elements of the company's corporate governance and business operations. These elements ensure Vastned pursues effective risk management, complies with legislation and regulations, and provides full transparency to stakeholders.

Composition and tasks of the Executive Board, Executive Committee and Supervisory Board

Based on Vastned's Articles of Association, the Executive Board consists of one or more members. At the Annual General Meeting on 15 April 2021, Reinier Walta was appointed as Managing Director (CEO). Mr Walta is the single member of the Executive Board and Chair of the Executive Committee.

The Executive Board is the company's statutory managing board (*statutair bestuur*) and is entrusted with the management of the company and the business associated with it. It is responsible for determining the company's mission, vision, strategy, policy and objectives, and for achieving those objectives. The Executive Board is guided in the performance of its duties by the interests and continuity of the company and the undertakings connected with it. It makes a balanced assessment of the interests of all relevant stakeholders, including tenants, financiers, shareholders, employees and society at large.

Key officers have been appointed to oversee the day-to-day management of the company together with the Executive Board. The single member of the Executive Board and these Executives together constitute the Executive Committee. The members of the Executive Committee, with the exception of the Chair, are appointed by the Executive Board with the approval of the Supervisory Board. The Executive Committee's aim is to contribute to long-term value creation for Vastned's stakeholders.

The Executive Board has installed one committee: the Disclosure Committee. This committee's principal role is to advise and assist the Executive Board in ensuring that adequate procedures, systems and controls are maintained to enable Vastned to comply with its obligations regarding the timely and accurate identification and disclosure of all information to meet the legal and regulatory obligations and requirements arising under the Dutch Financial Supervision Act, the EU Market Abuse Regulation and the requirements of Euronext Amsterdam.

The Supervisory Board supervises the Executive Board and Executive Committee Regulations and the general course of events in the company, and the business connected with it, and assists the Executive Board by providing advice. In performing their duties, the members of the Supervisory Board are guided by the interests of the company and the undertaking connected with it and make a balanced assessment of the interests of the stakeholders. As at 31 December 2022, the Supervisory Board is composed of Jaap Blokhuis (Chair), Désirée Theyse and Ber Buschman.

The Supervisory Board has installed two committees: the Audit and Compliance Committee, and the Remuneration and Nomination Committee.

The report of the Supervisory Board is presented on page 100.

For an extensive description of the duties of the Executive Board, Executive Committee and the Supervisory Board of the company and the regulations with respect to appointments, suspensions and dismissals of the members of these Boards, please refer to the Articles of Association, the Regulations of the Executive Board and Executive Committee and the Regulations of the Supervisory Board. These documents are available on the Vastned corporate website:
→ https://vastned.com/governance/

The curricula vitae of the members of the Executive Board, Executive Committee and the Supervisory Board are presented in this annual report on pages 82, 83 and 84.

Remuneration of the Executive Board and the Supervisory Board

The 2022 Remuneration Report for the Executive Board and the Supervisory Board is presented on page 112 and page 121, of this annual 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 226 of this 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 must act in compliance with the Private Investment Transactions and Prevention of Insider Trading Policy.

The full text of the Private Investment Transactions and Prevention of Insider Trading Policy is available on the Vastned corporate website:
→ https://vastned.com/governance/

Transactions must also be reported to the Authority for the Financial Markets (AFM) as appropriate.

Supervisory Board retirement schedule

The retirement schedule of the members of the Supervisory Board may be inspected on the Vastned corporate website:
→ https://vastned.com/supervisory-board/

The retirement schedule is also included in the report of the Supervisory Board on page 105 of this annual report.

Independence and conflicting interests

During the 2022 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

Vastned attaches significant value to good corporate governance and is always striving for compliance with the provisions in the Dutch Corporate Governance Code ('Code') and the principles and best-practice provisions contained in it. Vastned's Compliance Statement and this annual report elaborate in more detail on our compliance with the Code and its principles and best-practice provisions.

Vastned's key compliance documents are:
The Articles of Association is the charter document that establishes the legal existence of Vastned. The Articles of Association describe the rules and procedures as applicable to Vastned.

The Code of Conduct clearly describes the behaviour that is expected from employees. The Code serves as a guideline for how Vastned employees should do their work with integrity and care. The Code covers various areas, including bribery and corruption, cybercrime, data protection and privacy, the use of social media and conflicts of interest.

The Regulation on Incidents forms an extension of the Code of Conduct and facilitates the reporting of (alleged) incidents to the compliance officer. It describes the steps to be followed in the event of an incident at Vastned and the business associated with it, or if such an incident is suspected. The Regulation on Incidents helps to support ethical awareness as part of Vastned's company culture.

The Whistleblower's Code is an extension of the Code of Conduct. The Whistleblower's Code describes the steps that are followed when (alleged) incidents are reported to a trusted person by a staff member.

The Private Investment Transactions and Prevention of Insider Trading Policy ensures that Vastned and its group entities conduct their business with integrity. The policy ensures that Vastned complies with the EU Market Abuse Regulation and fully reflects the governance structure.

The Policy on Bilateral Contacts with Shareholders is required under best-practice provision 4.2.2. of the Dutch Corporate Governance Code and provides a framework for bilateral contact with shareholders.

The Conflict of Interest Policy provides detailed guidance on how to deal with conflicts of interest, including accepting and offering gifts and entertainment, accepting outside business activities, and upholding Vastned's zero-tolerance position on bribery and corruption.

The Customer Due Diligence (CDD) Policy provides rules and procedures that must be adhered to before establishing new business relationships and for regularly reviewing existing business relationships.

ESG Policy

Vastned looks at sustainability in the broad sense of environmental, social and governance (ESG) topics. These topics are incorporated in Vastned's mission, strategy and organisation. The purpose of the ESG Policy is to elaborate on Vastned's management approach and practices regarding sustainability topics. In this way, the document functions as a guide for employees to take various sustainability elements into account when implementing activities for Vastned. Moreover, through this document, other stakeholders can be informed of Vastned's stance and actions regarding environmental, social and governance topics.

Vastned's approach to ESG is presented on page 66 of this annual report.

Vastned's compliance documents and compliance statement may be downloaded from the website:
→ **https://vastned.com/governance/**

Diversity and Inclusion Policy and objectives

Diversity ensures dynamism, different views and balance within the team, 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. The Diversity and Inclusion Policy sets out the concrete objectives concerning diversity and inclusion and the aspects thereof that are relevant for the company, such as nationality, age, gender and background in terms of education and professional experience. Vastned is committed to encouraging equality, diversity and inclusion among its workforce, and eliminating unwanted discrimination. Vastned recognises its talented and diverse workforce as a key competitive advantage.

Regarding gender diversity, to ensure the gender diversity in Vastned's Supervisory Board, Executive Board and Executive Committee, the specific diversity target has been set that at least 30% of these boards and this committee, respectively, should consist of the underrepresented gender.

Vastned's statutory Executive Board consists of one person (m) as at 31 December 2022.

At the end of 2022, the Supervisory Board consisted of three people, one woman and two men. Therefore, the composition of the Supervisory Board is in line with Vastned's gender objectives. A schematic overview of the desired competencies within the Supervisory Board, including the specific expertise of each member, can be found on page 104.

The size of the Executive Committee has been reduced from seven to six members in 2022. In this way, the management of the organization can be effectively implemented. The Executive Committee consists of one female and five male members. Therefore, the composition of the Executive Committee is not yet in line with Vastned's gender objectives. There is diversity within the Executive Committee when it comes to age, educational and professional background.

In general, in 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; the selection of the most suitable candidate based on all selection criteria will remain paramount at all times.

The Diversity and Inclusion Policy may be downloaded from the Vastned corporate website:
→ **https://vastned.com/governance/**

Training and awareness

In order to promote integrity and ethical and transparent business practices, Vastned encourages regular discussion between colleagues about the right thing to do in a given situation. The company strives for an open culture where employees can be honest, treat each other with respect, share problems or dilemmas and work together to solve these in a transparent way. Through in-company training sessions in 2022, attention was paid to dilemmas that may arise in people's daily work or personal lives, and what integrity and acting with due care and attention really means. During these sessions, all employees were made aware of the requirements under the compliance policies and how to comply with these, while triggering employees to think about how this should impact their behaviour.

The updated Customer Due Diligence (CDD) Policy was further embedded in day-to-day operations and working procedures through dedicated training sessions.

In 2022, all Vastned employees were informed about cyber risks through a series of in-depth training sessions on cybersecurity. Specific attention was paid to risks related to phishing, CEO fraud, and hardware and software safety requirements.

Indemnity

The conditions attached 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 2022, the members of the Executive Board and the Supervisory Board were adequately insured for directors' liability and external liability.

Tax Policy

Vastned complies with all relevant rules and regulations with respect to tax transparency. The company has a Tax Policy that was approved by the Supervisory Board on 9 February 2022 and reports quarterly to the Executive Board and the Supervisory Board on the execution of the policy.

The full text of the Tax Policy can be downloaded from the Vastned corporate website:
→ **https://vastned.com/governance/**

Annual General Meeting and voting rights

In April of each year Vastned convenes the Annual General Meeting (AGM) of shareholders. In the AGM, the following matters are to be discussed:

- a detailed report by the Executive Board on the previous financial year, including an explanation of the long-term strategy, the vision for long-term value creation and the strategy to realise this, and the state of affairs.
- the Dividend and Reservation Policy.
- any new corporate governance developments within Vastned and anything related to compliance with the Code.
- the remuneration report for the past financial year. The remuneration report for 2022 will be put to the Annual General Meeting on 20 April 2023 for an advisory vote.

Important other matters that must be brought to the attention of the Annual General Meeting include, amongst other things:

- 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.
- appointment of the external auditor.

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 involved in reviewing the contents of the half-year results report and the auditing of the annual financial statements. The external auditor attends the Annual General Meeting in order to answer any questions from shareholders and to clarify their audit opinion concerning the fairness of the financial statements when requested in the Annual General Meeting. The external auditor is invited to all the meetings of the Supervisory Board and/or the Audit and Compliance Committee in which the annual financial statements are discussed.

For further details of the proposals that the Executive Board and/or the Supervisory Board may submit to the Annual General Meeting and the relevant procedure, reference is made to the Company's Articles of Association on the Vastned corporate website.
→ https://vastned.com/governance/

External Auditor
The external auditor performs the audit on the consolidated and standalone financial statements of Vastned and the statutory financial statements of subsidiaries. In this role, the external auditor attends meetings of the Audit and Compliance Committee and is present during the Annual General Meeting of Shareholders.

As part of the audit engagement, the external auditor reports to the Executive Board, and the Audit and Compliance Committee of the Supervisory Board, in which (potential) improvements in the adequacy and effectiveness of the governance, risk and control framework are being recommended.

The Annual General Meeting held on 25 June 2020, re-appointed Ernst & Young Accountants LLP as the external auditor for Vastned for the audit of the annual accounts for the financial years 2020-2023.

The Supervisory Board will make recommendations to the AGM as to the appointment of a new external auditor, based on an assessment made by the Audit and Compliance Committee. It is expected that a new proposal for the appointment of a new external auditor will be introduced at the AGM in April 2024 with retroactive effect from 1 January 2024.

Internal Auditor
BDO provides services as Vastned's internal audit department. BDO provides independent advice to the Executive Board, the Supervisory Board and the Audit and Compliance Committee on the quality and effectiveness of Vastned's internal control, risk management, governance and implemented systems and processes. BDO supports Vastned to accomplish its mission and strategic business objectives through a systematic, documented risk-based audit approach to examine, evaluate and improve the effectiveness of Vastned's governance, control, and risk management processes.

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 ask questions (in advance). They may vote in person or, if they cannot personally attend the meeting, (electronically) grant a voting proxy and voting instructions to an independent party. The meeting documents, minutes and presentations are placed on Vastned's 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 the Vastned corporate website:
→ https://vastned.com/governance/
→ https://vastned.com/annual-general-meeting/

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

Art 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, among 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 225 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 2022, 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 226 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 2022;
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) Neither 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 Executive Committee 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 2022, 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 the 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 of this 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 'Corporate Governance' section on page 74 of this 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 85 of this 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 78 of this annual report;
- The statements regarding the composition and functioning of the Executive Board, as included on page 74 of the section 'Corporate Governance' and in the section 'Composition of the Executive Committee' on page 82 of this annual report;

- The statements regarding the composition and functioning of the Supervisory Board and its committees, as included in the section 'Report of this Supervisory Board' and the section 'Composition of the Supervisory Board', on page 100 and page 84 of this annual report respectively;
- The statements regarding (the objectives of) the Diversity and inclusion Policy and the manner in which this policy has been implemented, as included in the section 'Corporate Governance' on page 77 of this annual report; and
- The statements pursuant to Article 10 of the EU Takeover Directive, as included in the section 'Corporate Governance' on page 80 of the annual report.

Composition of the Executive Committee

Reinier Walta (M)
Managing Director, single member of the Executive Board and Chair of the Executive Committee

Year of birth
1974

Nationality
Dutch

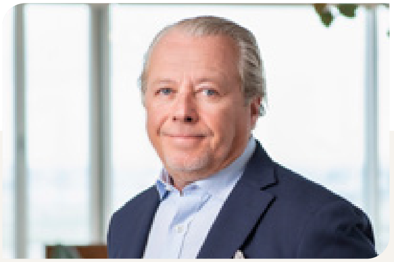
In current position since
15 April 2021

Other positions as at 31 December 2022
Member board of directors at Vastned Belgium
Strategic Managing Director at Vastned Belgium
Treasurer at Association for the representation of the joint interests of listed real estate investment institutions

Previous Positions
2020 – 2022: Interim CEO at Vastned Belgium
2016 – 2022: CFO at Vastned Belgium
2014 – 2021: CFO at Vastned Retail N.V.
2011 – 2014: Senior Transaction Manager at Abu Dhabi Investment Authority
2008 – 2011: Director Investor Relations at ING Real Estate Investment Management
2004 – 2008: Senior Tax Manager at ING Real Estate
1999 – 2003: Real estate tax consultant at PWC

Education
Tax law at the Erasmus University Rotterdam and Master of Studies in Real Estate (MSRE) at the Amsterdam School of Real Estate

Number of Vastned Shares
7,375



Thierry Fourez (M)
Head of Asset Management, Country manager France and member of the Executive Committee

Year of birth
1966

Nationality
French

In current position since
12 September 2012

Other positions as at 31 December 2022
Board Member at Conseil National Centres Commerciaux (CNCC)
President of High Street Retail Group
Board Member at Institut Ville et Commerce (IVC)

Previous Positions
Vice President Store Development at Starbucks EMEA
International Development Director at PAUL bakeries
Real Estate Director at McDonald's Southern Europe
Various positions on Real Estate team at McDonald's France

Peggy Deraedt (F)
Director Legal, member of the Executive Committee

Year of birth
1970

Nationality
Belgian

In current position since
1 April 2004

Other positions as at 31 December 2022
Member board of directors Vastned Belgium

Previous Positions
Lawyer at NautaDutilh

Maurice van Dongen (M)
Finance Director, member of the Executive Committee

Year of birth
1983

Nationality
Dutch

In current position since
1 March 2021

Other positions as at 31 December 2022
-

Previous Positions
Audit Senior Manager at Deloitte
Accountant at the Boston Consulting Group
Assistant Financial Controller at Hotel de l'Europe

Raymond Kramer (M)
Company Secretary, member of the Executive Committee

Year of birth:
1987

Nationality
Dutch

In current position since
1 November 2021

Other positions as at 31 December 2022
-

Previous Positions
Various positions as Secretary of housing corporations in the Netherlands (latest: Ymere).

Simon Theeuwes (M)
Manager Investor Relations a.i., member of the Executive Committee

Year of birth
1971

Nationality
Dutch

In current position since
1 June 2021

Other positions as at 31 December 2022
-

Previous Positions
Senior manager corporate treasury, corporate finance and investor relations at Royal Schiphol Group N.V.
Senior manager Schiphol International
Vice President Investor Relations & Corporate Communications at Getronics N.V.
Vice President Equity Research at ABN AMRO
Senior Equity Analyst at UBS Warburg

Composition of the Supervisory Board

Jaap Blokhuis (M)
Chair of the Supervisory Board

Year of birth
1958

Nationality
Dutch

Appointments
2019, 2022 (current term ends 2025)

Committees
Remuneration and Nomination Committee

Other positions as at 31 December 2022
Chair of the Supervisory Board at Vesteda
Member of the Supervisory Board at Heembouw
Member of the Advisory Board at van Losser Installatiegroep
Member of the Advisory Committee at Egeria Real Estate

Previous Positions
CEO at Multi Corporation (2014 – 2017)
CEO at Redevco (1999 – 2012)
Various positions at Nationale-Nederlanden Vastgoed/ING Real Estate (1983 – 1999)

Number of Vastned Shares
1,000

Désirée Theyse (F)
Chair of the Audit and Compliance Committee

Year of birth
1968

Nationality
Dutch

Appointments
2022 (current term ends 2026)

Committees
Audit and Compliance Committee

Other positions as at 31 December 2022
Group CFO at DO IT ORGANIC

Previous Positions
CFO at DPA N.V. (2018 – 2021)
Member of the Supervisory Board at Nedap N.V. (2010 – 2018)
Managing Director at Aevitas Property Partners (2015 – 2017)

Number of Vastned Shares
-

Ber Buschman (M)
Chair of the Remuneration and Nomination Committee

Year of birth
1961

Nationality
Dutch

Appointments
2022 (current term ends 2024)

Committees
Remuneration and Nomination Committee
Audit and Compliance Committee

Other positions as at 31 December 2022
Independent director and change manager of international investment-oriented companies with a real-estate focus
Board member Tulip Turkey Management Luxemburg S.a.r.L

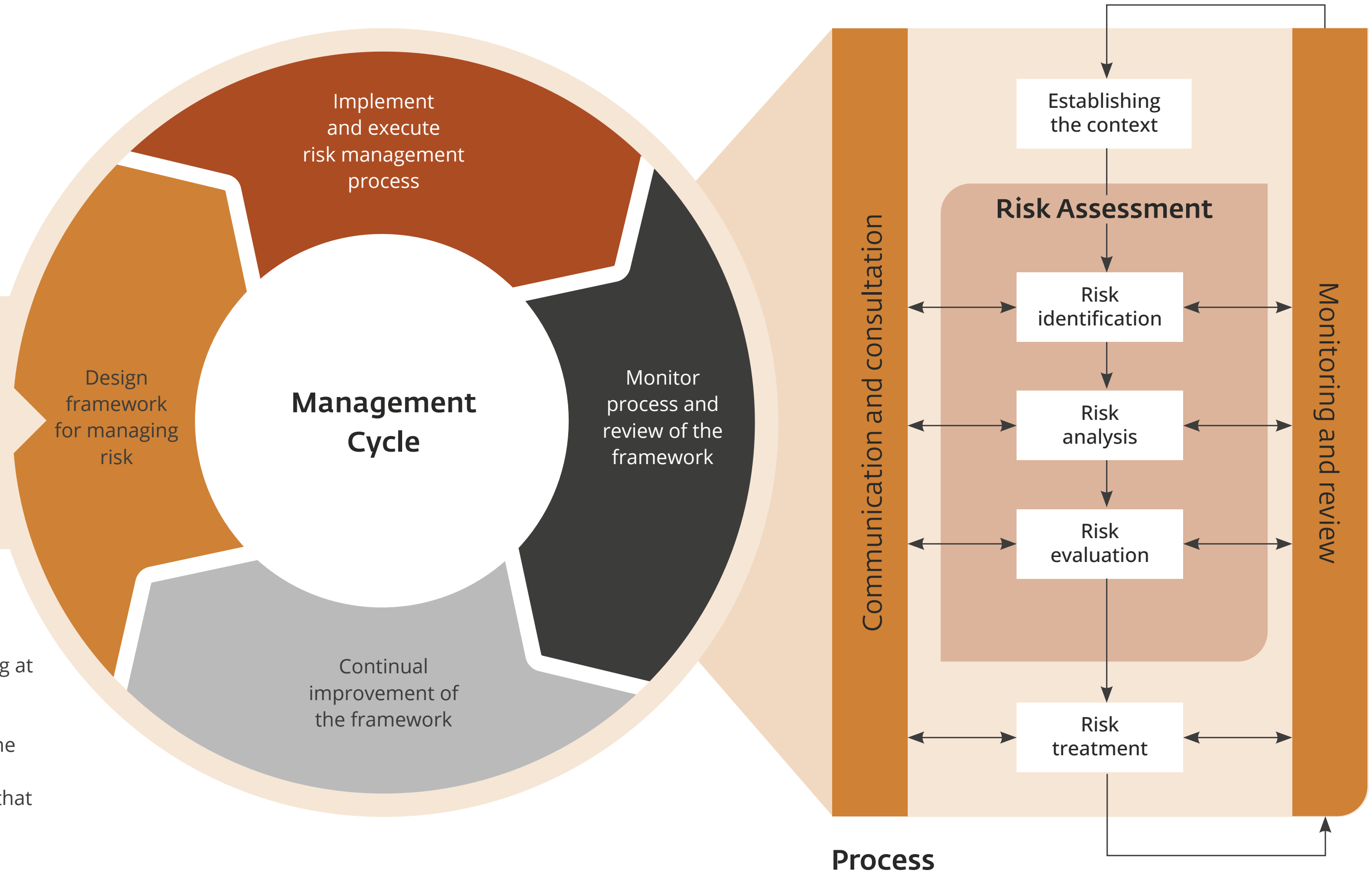
Previous Positions
Ber Buschman managed the restructuring of the back office and commercial rental department of the Van Herk Groep and was Chief Executive Officer and owner of Safelinq USA (2009-2010). Before 2009 he focused on interim management positions in general and change management as well as senior management, commercial and sales positions mainly for international publishing groups like VNU and Reed Elsevier

Number of Vastned Shares
-

Risk management and internal control

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

Risk management framework and process



Vastned's risk management framework consists of policy setting at the start, which mandates and requires the right level of commitment. This is followed by a Management Cycle, which entails implementing the designed framework and executing the risk management process, monitoring and reviewing it, and ensuring continual improvement. This process aims to ensure that risks are adequately identified, analysed and evaluated, and treated with sufficient mitigating measures.

Overview of risk management at Vastned

Strategy & risk appetite

Policy & 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 major European cities with historic city centres. In this way, the company aims to realise predictable and stable long-term results and contribute to the liveability and safety of these historic city centres. In 2021, following the publication of its 2020 annual results, Vastned announced its strategy update, outlining its ambition to optimise and concentrate the current portfolio on a mixed user profile and to increase the cost efficiency of the organisation.

To achieve 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. However, from a strategy perspective, the company's risk appetite is conservative, which is borne out by the focus on high-quality properties in selected cities. Furthermore, long-term value creation is preferred over the growth of the property portfolio, and improving the sustainability of the company and portfolio is an integral part of Vastned's strategy. In operational terms, risks must be minimised. Vastned's operational processes are therefore based on best practices.

Vastned's financial policy may be characterised as conservative. 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, which have been outlined in various codes and regulations and are in line with the Dutch Corporate Governance Code ('the Code').

In conclusion, Vastned's overall risk appetite may be described as conservative, which is both in line with and based on the company's objective to generate stable and predictable long-term results. Vastned has specified the risk appetite, including the qualification of the risk appetite per risk category. These qualifications are as follows: nil, zero tolerance; nil to low tolerance; conservative; measured; and expedient. The risk appetite per risk category adds an additional standard to the risk and control framework against which risks are assessed. This standard provides the framework within which the organisation operates.

Tone at the top

The Executive Board and the Executive Committee attach great value to ethical and honest business conduct. Transparent and honest communication is considered a critical success factor for Vastned. In this context, close management of risks is naturally essential, and this approach is clearly communicated within the company. In addition, Vastned has organised awareness training sessions with its employees that covers the preferred behaviour, the Code of Conduct and transparency. The sessions also provide an opportunity to discuss potential dilemmas.

Policy and procedures

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

Corporate governance

Corporate governance relates to how companies are managed and how the management is supervised. Vastned considers proper corporate governance to be one of the key enabling factors in the successful execution of the strategy. As a publicly 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 'Corporate Governance' section of this report.

Code of Conduct and related regulations

The Code of Conduct is a foundational document for Vastned, as it contains the principles that Vastned considers to be fundamental to the company, as well as for its employees, tenants, financiers, business relations, shareholders and society, and the interaction between these stakeholders. The Code of Conduct serves to make employees aware of the need to act honestly and transparently by recording what is deemed to be acceptable behaviour and what is not. In addition to the Code of Conduct, a Regulation on Incidents and a Whistleblower's Code are in force. These regulations are an extension of the Code of Conduct and facilitate the reporting of (alleged) incidents, either anonymously (Whistleblower's 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.
➜ https://vastned.com/governance/

Risk areas

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

Risk category	Risk	Risk appetite	Likelihood	Impact	Link with six highly material topics	Reference
Strategic	Established strategic principles and choices do not lead to stable and predictable results.	Conservative	High	High	1	1.1
	Impact of external factors due to strategic, investment and financial policy choices.	Conservative	Medium	High	1	1.2
	ESG: decrease in investor base. At some point, large capital expenditures may be needed to improve assets. Another risk is that of non-compliance with sustainability reporting requirements.	Low tolerance - conservative	Medium	Medium	2, 3	1.3
	Physical climate risk: the risk of loss of value of properties as a result of damage caused by climate change; for example, due to extreme precipitation, natural fires or flooding.	Low tolerance - conservative	Medium	Medium	1	1.3
Operational	Unattractiveness as an employer, preventing the retention and attraction of the right employees. Insufficient alignment of the required quality of employees with the strategy, desired culture of the organisation, or organisational developments.	Zero - low tolerance	Medium	High	3, 4, 5, 6	2.1
	Continuity problems due to the small size of the organisation and/or the reliance on third parties.	Zero - low tolerance	High	High	1, 4, 5	2.2
	Transaction error: financial risks arising from daily transactions and (external) events and/or incorrect conduct of investment or divestment analysis.	Low tolerance - conservative	Low	High	1, 5	2.3
	Quality of property valuations: inherent risk that the properties in Vastned's portfolio are incorrectly valued.	Low tolerance - conservative	Low	Medium	1	2.4
	Unexpected increase in operating costs or investments regarding properties.	Low tolerance - conservative	Low	Medium	1, 3, 4, 6	2.5
	Incorrect functioning or security of the internal ICT infrastructure, leading to data protection or business continuity issues. In addition, the risk that external cloud-based software (SAAS) is not secured and/or managed in line with Vastned policy.	Zero - low tolerance	Medium	High	1, 4, 5	2.6
	Unforeseen significant damage to one or more properties or the company's own organisation due to a catastrophe.	Zero - low tolerance	Low	Medium	1, 6	2.7
Financial	Liquidity risk: insufficient funds available to meet payment obligations.	Zero	Low	High	1	3.1
	Finance market risks: insufficient possibilities to attract equity and/or (long-term) loans or breach of agreed bank covenants. Failure to anticipate unexpected interest rate fluctuations ahead of time.	Zero	High	High	1	3.2
	Debtor risk: tenants fail to meet their financial obligations.	Conservative	Medium	Medium	1	3.3
	Making (incorrect) decisions, internally or externally, by the board, employees or stakeholders on the basis of incorrect and/or incomplete information.	Low tolerance	Low	Medium	1	3.4

Risk category	Risk	Risk appetite	Likelihood	Impact	Link with six highly material topics	Reference
Compliance	Failure to comply with tax laws by not implementing changes in tax laws within the organisation correctly, completely and/or in a timely manner.	Zero	Medium	High	1, 4, 5	4.1
	Laws and regulations: deviating from the Code of Conduct and not acting ethically. Non-compliance with the GDPR, the MAR, the CSRD and the EU Taxonomy.	Low tolerance – conservative	Low	High	1, 4, 5	4.2
	Insufficient knowledge of third parties during the acquisition, sale or leasing process.	Low tolerance – conservative	Low	Low	1, 4, 5	4.3
	Conflicts of interest of employees and between employees and third parties.	Low tolerance – conservative	Low	High	4, 5, 6	4.3

Legenda:
Highly material topics: 1- Stable and predictable long-term returns 2- Energy-efficient buildings 3- Preservation and improvement of cultural heritage 4- Ethical and transparent business practices 5- Responsible rent and lease management 6- Local value creation for communities

Strategic risks

Strategic risks relate to the realisation of stable and predictable long-term results, timely anticipation of externalities and Vastned's approach to environmental, social and governance (ESG) matters.

1.1 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 investee country, the type of investment, or the relative size and timing of investments do not lead to stable and predictable results. The risk appetite in this area is conservative. To mitigate this risk, Vastned invests in high-quality assets with attractive and stable returns and diversifies its rental income by adding more non-fashion tenants. Additionally, Vastned follows a diligent acquisition procedure that clearly identifies how each property fits into the portfolio and how it contributes to the company's long-term results. The current portfolio is under constant scrutiny and properties that no longer fit the Vastned profile are sold when possible.

To generate stable and predictable results, a strategic choice has been made on a conservative financial policy, with a view to working towards a long-term target of loan capital financing of a maximum of 40%. In principle, no more than a third of the loan portfolio should have a floating interest rate. In 2022, loan capital financing remained below 45% throughout the year and stood at 43.4% as at 31 December 2022. 72.5% of the loan portfolio had a floating interest rate as at 31 December 2022.

1.2 External factors

Another strategic risk is that Vastned is unable to respond adequately to external factors. There is an inherent risk that the choice of investee country, investment type and the relative size and timings of the investment may be influenced by external factors such as changes in inflation, currency fluctuations, consumer confidence, consumer spending, energy prices, tenancy legislation, permit policies or a pandemic. This may impact the expected rent developments, as well as demand for retail locations and, consequently how the value of the investments develop going forward. The risk appetite in this area is conservative. Potential external changes are followed closely during annual strategy sessions and by monitoring developments as they happen, which enables Vastned to respond quickly and effectively. The COVID-19 pandemic and the corresponding government measures had negative implications for Vastned's tenants and consequently for the company's results over the 2020-2022 period. During the lockdowns in the countries in which Vastned operates, the Vastned team offered tailor-made arrangements to tenants, including rent waivers to those heavily impacted by lockdown restrictions. Due to this proactive approach and intensive contact with tenants, Vastned was often able to make suitable arrangements, whereby in multiple instances, rent waivers were provided in return for improved commercial conditions regarding lease contracts.

1.3 Approach to ESG, including climate risk

A clear trend is that of large institutional investors shifting their investments to companies or sectors that have less exposure to climate change or can be considered green and capable of reaching net zero by 2050. The company's approach to ESG and, among other things, its contribution to reducing greenhouse gas emissions will be scrutinised by investors. These activities will become a key investment consideration, if not already the case.

Given the current portfolio of unique but often historical properties with sometimes limited energy efficiency potential, Vastned considers climate risk to be a key risk despite its continuous efforts to improve the energy efficiency of its property portfolio. If, over time, tenants show increasing interest in the most sustainable properties and investors shift their focus to real estate companies that own a larger proportion of sustainable properties, Vastned is likely to be at a strategic disadvantage. This is because its current portfolio includes a number of historical properties that offer limited potential for improving their sustainability performance. In this scenario, asset valuations may develop less favourably compared with other assets with superior sustainability performance characteristics.

Another potential risk in relation to the wave of new sustainability regulation is that Vastned, given its limited resources and organisational size, is not ready in time to comply with the various sustainability reporting requirements associated with EU regulation. The EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) requirements are mandatory for listed companies in Vastned's size category and require a significantly higher level of sustainability governance, reporting, monitoring and due diligence. This requires detailed disclosures, data availability, new indicators and assurance from auditors. In the case of Vastned, this is also likely to present data gathering and quality challenges; for example, when relying heavily on data from tenants and other external sources.

Finally, physical climate-related risks also exist. These physical risks can cause the loss of value of certain properties as a result of damage caused by climate change; for example, due to extreme precipitation, natural fires or flooding.

The risks mentioned above may lead to reputational damage, an inability to attract new investors or lenders, the loss of existing investors or lenders, corrective measures and/or fines from regulators, and/or higher operational costs.

Control measures to mitigate these risks include a proactive investor or tenant, and a broader stakeholder approach whereby dialogue and new action plans in the area of sustainability are key. Vastned aims to involve tenants in some of these plans and, if possible, the sustainability managers of tenant companies as a means of fast-forwarding Vastned's energy-efficiency programs and gathering data collectively. At the same time, Vastned seeks to stay abreast of developments in the area of policies, laws and regulations and reporting requirements (namely, the EU Taxonomy, CSRD and CSDDD) and adjust its (automated) processes to optimise data collection and processing possibilities and further embed ESG in its organization and way of doing business.

Operational risks

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

2.1 Quality of employees and advisers

Having the right organisation is defined as one of the three pillars of the company's strategy. Vastned strives for an open and inclusive culture. Recruiting and retaining the right employees is therefore of the greatest importance. However, the size of the organisation and the scarcity of qualified staff may impede efforts to recruit the right employees. Working with inadequately qualified employees may hamper realising the strategic objectives. The same applies to selecting the right advisors. 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 and Executive Committee annually evaluate the HR policy and its implementation within Vastned for suitability and attractiveness in relation to the strategy. HR policy forms part of the risk and control framework and is discussed with the Supervisory Board annually.

In 2022, Vastned appointed 4 highly skilled, well-educated and trained professionals to fill vacant positions. As at 31 December 2022, Vastned had no vacancies.

Furthermore, Vastned works exclusively with internationally and nationally reputed external 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 relevant expertise.

2.2 Size of the organization

Due to its small size, the organisation is vulnerable to potential employee departures and absences (for example, due to illness), as well as the potential absence of the firm's sole statutory director. Such occurrences may lead to continuity problems and/or excessive pressure on other employees. Further, management has decided to outsource a number of activities as this is deemed more efficient and cost effective compared with having certain specific expertise and experience in-house. Inherent risk is that Vastned is dependent on certain external parties including their measures to ensure the quality of staff, cyber security and certain knowledge. To execute an ethical and transparent business practice and responsible asset and lease management the ExCo constantly monitors whether the workload leads to continuity problems and, if necessary, deploys additional people or parties to alleviate the workload. In addition, a staff list is maintained with job descriptions and potential backup (internal and external), with both short-term (emergency scenario) and long-term (structural solution) options considered. If the sole statutory director is absent for a longer period of time, one of the Supervisory Board members provides cover on an interim basis. Further, Vastned agrees detailed service levels agreements (SLAs) with external service providers. These parties are monitored on an ongoing basis whereby certain reports indicating the quality of the internal organisation, including processes on which Vastned is dependent, are requested and acted upon on a yearly basis (e.g. ISAE 3402).

2.3 Execution of transactions

Transactions involve various risks, such as those arising from the transaction execution process itself and from externalities. Incorrectly performed investment or divestment analyses can also lead to increased transaction risk. Furthermore, there is the risk that a property cannot be leased on 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 the incomplete control of these risks include incorrect assessment of the risk-return profile; late investment or divestment; a negative impact on (future) net rental income, for example as a result of vacancies and associated service charges that cannot be passed on to tenants, 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 follows careful acquisition and divestment procedures to mitigate the related 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 a specific amount, as determined annually by the Supervisory Board (in 2022: € 15 million), require the approval of the Supervisory Board.

2.4 Quality of the property valuations

There is an inherent risk that the properties in Vastned's portfolio are incorrectly valued. This may result in an incorrect indirect result, reputational damage and/or 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 is executed by internationally reputed external appraisers, which 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 (valued at less than € 2.5 million) are appraised externally once a year.

Vastned's 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 the correct value to Vastned's property.

2.5 Cost control

An unexpected rise in operating expenses, general expenses or having to make unexpected additional investments can potentially lead to an incorrect assessment of the risk-return profile, and therefore to a lower direct and/or indirect result. The risk appetite in this area is low to conservative. For this reason, Vastned has extensive procedures for budgeting and maintenance forecasts. In addition, there are authorisation procedures for entering into all, including maintenance and investment obligations. Furthermore, reports (realisation – budget analysis) are periodically drawn up and discussed within the Executive Committee and Supervisory Board.

In 2022, Vastned's operating expenses and general expenses came within the margins of the targeted levels. This was partly due to the COVID-19 pandemic, as some non-essential operating expenses were postponed from 2021 to 2022. However, Vastned's expense levels are considered to be low, mainly due to cost-savings relating to general expenses, in line with Vastned's strategy to further adapt its organisation to match the new focus of the portfolio and to be cost-efficient.

2.6 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 the incomplete control of IT risks may include not being able to report promptly or correctly, either internally or externally, loss of relevant information (including personal data), unauthorised access to information (including personal data) by third parties, and reputational damage. The risk appetite in this area is low to nil.

Vastned mitigates this risk through internal procedures aimed at ensuring proper access security, backup and recovery procedures, periodic checks by external experts, digitalisation of key documents, as well as hiring external knowledge and experience for continuous updates on developments in IT and cyber security. These updates include phishing campaigns, classroom-based training sessions and crisis simulations.

No major IT-related incidents took place in 2022 that impacted business operations.

2.7 Catastrophe risk

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

In 2022, 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.

3.1 Liquidity risk

Liquidity risk is the risk that insufficient resources are available for daily payment obligations. The potential impact of this is that reputational damage is sustained or that additional financing costs are 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 outlined in the Treasury Charter, which is periodically reviewed by the Treasurer and the Executive Board and approved by the Supervisory Board.

In 2020, due to the pandemic, Vastned implemented additional control measures to monitor the liquidity position (including increased frequency of reports to the Executive Board and Supervisory Board and the preparation and analysis of detailed liquidity forecasts). These measures remained in place during 2021 and 2022.

3.2 Financing market risks

Financing market risks include (re-)financing risk and interest rate risk. (Re-)financing risk relates to the risk that not enough equity or (long-term) loan capital can be attracted or only with unfavourable conditions. Considering the rapidly changing financing market and the required refinancing of Vastned's portfolio in 2024 and 2025, the probability of this risk increases. The financing market risks also relate to the possibility that loan covenants are breached. This can create a situation whereby there is not enough financing room for investments. It could also force the company to divest assets. When (re-)financing risk increases, financing costs increase, potentially leading to a lower direct and indirect result and to reputational damage, in the financial markets, in particular. The risk appetite in this area is nil.

Interest rate risks are caused by interest rate fluctuations, which may result in rising financing costs, in turn leading to a lower direct result. Although only a limited part of Vastned's loan portfolio has been subject to variable rates in 2022, the impact of the increased interest rates has been considerable. Vastned anticipates on remaining higher rates and thus further impact on its results.

Given the capital-intensive nature of Vastned, maintaining a good financial credit profile is critical to supporting the continued availability of funds at competitive interest rates. To mitigate the above risks, Vastned has put in place a conservative financial policy and 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;
- Where possible, financing is spread between 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 via periodic internal financial reports, including sensitivity analyses, financing ratios, development of bank covenants and funding scope and internal procedures, as outlined, including in the treasury charter; and
- The outcomes of these reports are periodically discussed with the Audit and Compliance Committee and Supervisory Board.

In 2022, Vastned also complied with all bank covenants and internal control measures were followed at all times.

3.3 Debtor risk

Debtor risk 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 debtor risk, Vastned screens tenants before concluding leases. In addition, the financial status and payment behaviour of tenants are monitored through regular talks with tenants and by examining external sources. Prospective tenants must provide a bank guarantee and/or deposit prior to the start date of the agreement.

The Executive Board reviews the company's debtor lists frequently, including the transaction register. Vastned takes a tailor-made approach to examining its individual arrangements with tenants. Payment arrangements and behaviour by tenants are monitored systematically. Additional control measures are also in place, including increasing the frequency of consultation with debtors by the property management teams. Thanks to communication between the company's commercial teams, tenants, financial teams and the Executive Committee, Vastned has achieved relatively high collection rates (above 98%), compared with retail real estate sector averages.

3.4 Reporting risk

Reporting risk relates to the impact of the incorrect, incomplete or late provision of information for internal decision-making or the provision of information to external parties, such as shareholders, banks and regulators, which may lead to reputational damage and potential claims based on misleading statements to stakeholders. The risk appetite in this area is low to nil.

Vastned maintains a robust system of internal control measures and administrative organisational measures. 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, which are frequently rotated, internal IRR analyses and the 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;

- Groupwide instruction and Accounting Manual on accounting principles and reporting data, as well as internal training in the area of the International Financial Reporting Standard (IFRS) and other standards;
- Periodic management consultation on external audit results; and
- Discussion of external audit results with the Audit and Compliance Committee and Supervisory Board.

In 2022, no material events occurred regarding reporting. The use and further development of the company's property management system, Yardi, at the various Vastned offices allowed for accurate and timely reporting.

Compliance risks

Compliance risks are risks related to failing to comply, either fully or partially, with tax and other laws and regulations or unethical conduct. Potential consequences of this may be reputational damage, tax and legal claims and proceedings or loss of tax status. This can potentially lead to a lower direct and indirect result. The risk appetite in this area is nil. Effective control of compliance risks, led by Vastned's compliance officer is of crucial importance for a property company such as Vastned, given the property sector's traditional approach to conduct risk.

In 2022, no material events occurred regarding compliance.

4.1 Tax laws and regulations risk

As a result of its REIT status ("FBI"), Vastned has to abide by specific rules with regard to tax. As such, the company follows a conservative approach to tax risks and has implemented measures to secure compliance and minimise the risk of adverse tax-related matters. Vastned has adequate fiscal policies in place and strives to minimise the potential negative impact of any tax 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 reputational 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 outlining the risk appetite and the general principles with regard to tax. Control measures and administrative and organisational measures have been established regarding 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, etc.

In 2022, the Dutch government explored the potential (targeted) adjustment of the FII regime and subsequently announced that it will abolish the current fiscal regime for Dutch REITs in the Netherlands. The communicated abolishment of the current fiscal regime by the Dutch government as of 1 January 2025 will potentially impact Vastned's direct result by between 5% to 10% from 1 January 2025 onwards. This merely depends on the outcome of a political process in the Dutch parliament in 2023, as well as a debate on potential flanking measures, which are still to be announced. The impact also depends on possible restructuring measures that Vastned may take in response to this proposed development.

4.2 Laws and regulations / Codes and regulations

As previously described, Vastned has various regulations in place. Deviations from the Code of Conduct and unethical behaviour may result in reputational damage as well as 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 programmes 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 employees are explicitly asked to confirm they have complied with the Code of Conduct.

In 2022, no material events occurred regarding the Code of Conduct.

4.3 Third parties and conflicting interests

Insufficient knowledge of tenants, sellers, buyers or parties acting on Vastned's instructions creates a potential risk of business being done with parties that are harmful to Vastned's reputation. In addition, conflicts of interest between employees and third parties may cause reputational 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 are screened in accordance with an internal Customer Due Dilligence 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.

Sensitivity analysis

The table below sets out the sensitivity of the direct result, the indirect result and the loan-to-value ratio in relation to a number of external conditions and variables, based on the position at year-end 2022 (ceteris paribus).

Movement	Effect
100 basis point interest rate increase	Direct result per share € 0.10 down
25 basis point increase of net initial yield used in appraisals	Indirect result per share € 4.33 down, loan-to-value ratio 259 basis points up
100 basis point decrease of the occupancy rate	Direct result per share € 0.03 down

Risk and control framework

The integrated risk and control framework is divided into four risk areas: (i) strategic, (ii) operational, (iii) financial, and (iv) compliance risks. The framework then indicates the probability of a risk occurring and its potential impact. Finally, internal owners have been identified for each risk, who are responsible for the implementation of the related control measures.

The Executive Board carries out an annual analysis of the potential risks that may jeopardise the realisation of Vastned's strategic goals and other objectives. This analysis forms part of the annual business plan and is discussed with the Supervisory Board. The risk and control framework is adjusted annually based on the outcome of these discussions.

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

Supplementary to the risk and control framework, fraud risk factors have also been assessed. The identified fraud risks relate to the following risk areas:
- Quality of 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 considers the measures taken to control the risks mentioned above as sufficient and adequate to control any fraud risks.

Representation letters

At least once a year, the most senior Vastned manager in each country signs 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 reflect the transactions fully, fairly and accurately, 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 the balance sheet date that require an adjustment or explanation in the financial statements.

Monitoring and audits

Monitoring

In 2022, the control measures implemented within Vastned were updated when deemed necessary and audited again. This audit did not highlight any material findings. 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 notable incidents were reported in 2022.

Internal audit

Each 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 B.V. since 2016. In 2022, BDO Consultants B.V. was instructed to perform the internal audit from 2022 up to and including 2024.

BDO Consultants B.V. carries out random checks on the functioning of the various internal procedures in the countries where Vastned is active. No material findings were noted during the audits executed in 2022; however, Vastned received valuable recommendations. Vastned took note of these recommendations, and procedures were adjusted when deemed necessary.

Outlook 2023

Vastned's portfolio has proven to be robust and high street shopping is getting back on track. It is, however, important to remain vigilant: also Vastned is not immune to rising interest rates, geo-political and other economic uncertainties. Therefore, Vastned does not provide guidance on the direct result for the 2023 full year at this stage.

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 provide a true and fair view of the assets and liabilities, financial position and profit of Vastned and its consolidated subsidiaries;
- the Report of the Executive Board provides a true and fair view of the state of affairs, at the balance sheet date and during the 2022 financial year, of Vastned and the 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 provides sufficient insight into shortcomings in the functioning of the internal risk management and control systems (see page 85 to 96);
- these systems provide a reasonable degree of certainty that Vastned's financial reporting does not contain any material inaccuracies (see page 85 to 96);
- 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 123 to 176 of the chapter Financial Statements); and
- the Report of the Executive Board describes the material risks and uncertainties that are relevant to the anticipation of the continuity of the company for a period of 12 months following the preparation of the report (see page 85 and following).

Hoofddorp, 8 March 2023
The Executive Board of Vastned Retail N.V.
Reinier Walta, CEO

Dividend policy and proposal

Dividend policy

The dividend policy stipulates that Vastned will distribute at least 75% of the direct result of the financial year per share as a dividend. In principle, no stock dividend is distributed. The dividend policy therefore prevents share dilution caused by stock dividend. The annual dividend distribution is undertaken 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, from a long-term perspective, the loan capital financing to below 40% of the market value of the property. At the same time, its dividend policy generates a stable return for its shareholders. In this way, the dividend policy contributes to long-term value creation by the company. In addition, Vastned declares its dividend taking account of the conditions attaching to the status of a fiscal investment institution within the meaning of Section 28 of the 1969 Corporation Tax Act.

Dividend distribution in 2021 and dividend proposal for 2022

The Annual General Meeting of 14 April 2022 declared a dividend for the 2021 financial year of € 1.73 per share, which was charged to the freely distributable reserves. As an interim dividend of € 0.53 per share was paid in August 2021, the final dividend for 2021 amounted to € 1.20 per share.

In the Annual General Meeting of 20 April 2023, Vastned will propose to declare a dividend for the 2022 financial year of € 1.85 per share and charge it to the freely distributable reserves. Taking the interim dividend of € 0.59 into account that has already been distributed in August 2022, a final dividend will be declared of € 1.26 per share. The final dividend will be made payable on 4 May 2023.

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.

At a closing price of € 21.15 on the final day of trading in 2022, which was 30 December 2022, this equates to a dividend yield of 8.7%.

Report of the Supervisory Board

Report of the Supervisory Board

Vastned delivered a strong performance in 2022, when the impact of the COVID-19 pandemic came to an end. Vastned showed again steadfastness as an operational business as members of the public were generally eager to revisit city streets for shopping and leisure. Similarly, the company's retail tenants demonstrated resilience and entrepreneurship; qualities that became apparent during Vastned's close interactions with tenants. After the turmoil of the pandemic seemed to subside, a new crisis came into play. The war in Ukraine, rising interest rates, rising energy costs and high inflation marked the year 2022.

But at the same time, the locations where Vastned is active experienced strong footfall. Demand for well-located retail space has increased and the inflation numbers have a positive impact on rental income. On the other hand, the range of challenges is increasing. Economic headwinds, rising interest rates, higher energy prices and the announced plans to abolish the fiscal investment institution (FBI) regime per 1 January 2025 will all impact performance in the foreseeable future. The company's high-quality portfolio with a stable and attractive tenant base, and its proactive approach to existing and new tenants provide Vastned with the flexibility to manage potential marketplace developments and further economic headwinds. Given the current market context of rising interest rates, increasing yields on retail real estate properties and the expected abolishment of the FBI regime in 2025, the Supervisory Board supports the Executive Board's decision to initiate a strategic reorientation, with the intention to unluck value for Vastned and all of its stakeholders.

In this report, the Supervisory Board looks back on the events of the past year and accounts for how it has fulfilled its duties and responsibilities. This report on the 2022 financial year focuses on compliance with the Corporate Governance 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.

Annual General Meeting

The Annual General Meeting (AGM) of shareholders was held on 14 April 2022 in Amsterdam. The Supervisory Board was pleased with the large turnout at this meeting. The in-person meeting also provided the opportunity to engage in a productive dialogue with Vastned's shareholders. Shareholders were also given the opportunity to issue a proxy containing a voting instruction prior to the meeting.

During the AGM, the shareholders adopted the financial statements for the 2021 financial year and approved the proposal to distribute a dividend of € 1.73 per share for the 2021 financial year.

The proposals to grant discharge to the sole member of the Executive Board and the members of the Supervisory Board for the 2021 financial year were adopted.

The proposals in relation to the composition of the Supervisory Board have all been adopted. Jaap Blokhuis has been reappointed for a second term of three years. Désirée Theyse has been appointed for a period of four years. Ber Buschman has been appointed for a period of two years. Following these three appointments, Marc van Gelder stepped down as a member of the Supervisory Board of Vastned and handed over the chairmanship of the Supervisory Board to Jaap Blokhuis. The Supervisory Board and Vastned expressed their sincere gratitude to Marc van Gelder for his contribution to the company as a member of the Supervisory Board since 2015, including his six years spent as Chair.

The shareholders approved the proposals to amend the Remuneration Policy for the Executive Board and to adopt the Remuneration Policy for the Supervisory Board. For an overview of the changes in the remuneration policies of the Executive Board and Supervisory Board please refer to the Remuneration Report on page 112.

The remuneration policies can also be found on Vastned's website:
→ https://vastned.com/governance/

Performance

The Supervisory Board is satisfied with the high collection rate (98.2%) during 2022, despite the fact that the year started with a 2 week lockdown in the Netherlands. This was achieved thanks to the efforts made by the entire Vastned team. Operating in a challenging market, Vastned has shown stable performance, with a high occupancy rate (98.6%) and a strong like-for-like rental growth (+7.5%). The valuations show a marginally downward trend, which is not surprising in an environment of increasing interest rates. At the same time, the Supervisory Board expects the quality of the portfolio to ensure a stable value trend in the future.

Strategy and long-term value creation

Vastned has continued its strategy in 2022. Vastned is convinced that historic city centres will remain popular. The trend of urbanisation in Europe perseveres. Vastned continues to work towards a property portfolio in urban areas where shopping, living, working and leisure meet. Vastned is further optimising its property portfolio and looking for diversification by adding new retailers to its tenant mix, including more non-fashion retailers. Tenants that have a strong online presence and digital brands that are seeking to open more physical locations often look for very visible and characteristic high street retail properties in city centres to create brand experience stores. In addition, Vastned will continue to add more food and beverage and inner-city convenience-oriented tenants to its portfolio. By doing so, the risk profile of the portfolio is expected to improve further. The floors above high street stores will increasingly be redeveloped into apartments and small offices. In this way, the overall portfolio will have a more diversified stream of rental income with more mixed-use and a greater focus on the needs of local inner-city inhabitants.

Given the current context of rising interest rates, increasing yields on retail real estate properties and the expected abolishment of the FBI regime in 2025, the Supervisory Board supports the Executive Board's decision to initiate a strategic reorientation, with the intention to unlock value for Vastned and all of its different stakeholders. The Supervisory Board is motivated to continue contributing, based on its role, to the creation of long-term value for all stakeholders involved with the company.

Executive Board (Mr Reinier Walta)

The proposal to appoint Reinier Walta as the sole statutory director of Vastned was adopted at the 2021 AGM. This means that the statutory Executive Board consists of only one member: the CEO and Managing Director, Reinier Walta. Given the size of the organisation, this is considered appropriate. In 2021, three additional measures have been taken to contribute to a balanced corporate governance structure, including providing a sufficient counterweight to the sole director. First, an Executive Committee has been established to support the CEO, as well as to provide countervailing power in order to improve overall decision-making at the company. Second, the amounts in the authorisation matrix have been reduced so that financial decisions must be submitted to the Supervisory Board more often. Finally, an escalation option from the Executive Committee to the Supervisory Board has been established.

For an overview of the remuneration of the Executive Board, please refer to the Remuneration Report on page 112.

Portfolio

In 2022, Vastned divested five small non-strategic assets with a total transaction value of € 2.2 million, which was 30% above book value. Vastned acquired one asset in 2022, Zuidplein Hoog 827 in Rotterdam, for € 1.9 million including costs.

Financing

Vastned has a conservative financing structure. The long-term target for the loan-to-value ratio is a maximum of 40%.

In 2022, Vastned successfully completed an extension of its credit facilities, thereby increasing the duration of € 200 million in existing facilities by a further 12 months to September 2025. The conditions of these facilities remain unchanged during the agreed extension period, allowing Vastned to continue to benefit from a cost of debt that has been locked in at attractive rates.

Sustainability (ESG)

To link Vastned's sustainability performance with the company's financing, a Green Finance Framework is in place. The aim of the Framework is to (re)finance energy-efficient commercial and residential properties that contribute to the preservation of historic city centres.

Long-term value creation is fully embedded in Vastned's company culture. The Executive Board and Supervisory Board take sustainability into account in their decision-making and make considered choices regarding the viability of the strategy in the long term. Vastned has further incorporated sustainability on the back of its environmental, social and governance (ESG) policy and by renewing its materiality assessment through stakeholder interviews and a validation process in its Executive Committee.

The updated quantitative Remuneration Policy for the Executive Board includes a quantitative ESG target as one of the elements in the Business Health Test (part of LTI). In 2022, the emphasis was on collecting energy data from buildings; for example, by drawing up and renewing energy labels. For 2023 and onwards Vastned will use the Carbon Risk Real Estate Monitor (CRREM). This methodology will consequently be used in shaping Vastned's sustainability programs.

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 out in the business plan and progress on the strategy are monitored at least once per quarter.

Risk management

The company's risk management and risk appetite are key issues for the Supervisory Board. For this reason, during all regular meetings in 2022, attention was devoted to the main risks involved in the business operations of the company based on the Risk and Control Framework (RCF). The framework was updated and revised as a result of the risk analysis that was carried out. Climate-related and environmental risks are included in this RCF. The set-up 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.

Evaluation of the external auditor

On 25 June 2020, the AGM 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 Chair of the Supervisory Board and the Chair of the Audit and Compliance Committee consult at least once a year with the external auditor regarding the latter's performance. In the opinion of the Supervisory Board, the collaboration with EY during the 2022 financial year was fit for purpose.

Tax

In accordance with the provisions in its Tax Policy, in 2022 Vastned again provided quarterly reports to the Supervisory Board on the execution of the Tax Policy and complied with all relevant rules and regulations regarding tax transparency.

2022 Annual Results and management letter

In 2022, the results of the 2021 financial year and the 2021 financial statements were discussed. At the end of 2022, EY's management letter for 2022 was discussed with the Supervisory Board. No issues were raised in the management letter that warrant mention in this report.

Internal auditor (BDO)

The Supervisory Board holds an informal meeting with the internal auditor each year during which various matters are discussed. The internal audit function is the responsibility of the Executive Board; its objective is to test whether the set-up, existence and functioning of the internal control measures as described in Vastned's risk and control framework are effective. In 2022, BDO issued reports on the following four subjects:

- i) Data management
- ii) Letting process Netherlands
- iii) Letting process France
- iv) Fraud risk assessment

The reports referred to did not contain any significant findings.

Diversity & Inclusion

Vastned seeks to ensure diversity within the company in the broadest sense. The Supervisory Board concludes that the Supervisory Board and the Executive Board are a good mix in terms of gender, age, expertise, national and international experience, and background. Vastned's aim is for the Supervisory Board, Executive Board and Executive Committee to each consist of at least 30% women and at least 30% men.

At the end of 2022, the sole statutory director was male.

The Supervisory Board consists of 2 men and 1 woman and therefore complies with Vastned gender objectives whereby the underrepresented gender should make out at least 30% of the Board.

The Executive Committee consists of six individuals, including five men and one woman. The composition of the Executive Committee is diverse when it comes to age as well as educational and professional background and heritage. Moreover, with 65% female and 35% male employees, Vastned is a diverse organisation when it comes to gender.

The Supervisory Board is of the opinion that a mixed composition of the Supervisory Board, Executive Board and Executive Committee in terms of gender, age, expertise, national and international work experience and background can contribute significantly to the effective functioning of these bodies. More detailed information on the individual members of the Executive Board, the Executive Committee and the Supervisory Board is provided in this annual report, in the sections 'Composition of the Executive Committee' and 'Composition of the Supervisory Board'.

The profiles of both the Executive Board and the Supervisory Board ensure that both bodies are composed appropriately. On pages 82 and 84 of the annual report, the personal details of each of the members of the Executive Board and the Supervisory Board are outlined, to which reference is made here.

> "Vastned showed again steadfastness as an operational business as members of the public were generally eager to revisit city streets for shopping and leisure."

Supervisory Board profile

The Supervisory Board consists of three individuals. Given the size of the organisation, this is considered appropriate. The diversity profile for the Supervisory Board, including the specific expertise of each member, is listed below.

	Year of Birth	Gender	International Experience	Management experience	Property	Finance & Investments	Retail	Social / Governance	Sustainability
Marc van Gelder [1]	1961	m	X	X		X	X	X	
Jaap Blokhuis	1958	m	X	X	X	X		X	X
Désirée Theyse [2]	1968	f	X	X		X		X	X
Ber Buschman [2]	1961	m	X	X	X	X	X		

1) Retired 14 April 2022
2) Joined 14 April 2022

Vastned's full Diversity and Inclusion Policy can be downloaded from Vastned's website:
→ https://vastned.com/governance/

Independence Supervisory Board members

All Supervisory Board members are considered to be independent in the sense of the Dutch Corporate Governance Code. Nevertheless, it should be noted that Mr Buschman has a business relationship with Mr van Herk of Van Herk investments, the largest minority shareholder of Vastned as at 31 December 2022.

Self-evaluation by the Supervisory Board

The Supervisory Board conducts an annual evaluation of its own performance. The self-evaluation 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 of Vastned's stakeholders. By the end of 2022, the new composition of the Supervisory Board had worked together for eight months. Although this is a relatively short period, the Supervisory Board members decided to carry out a self-evaluation.

They discussed the following topics: Result orientation, dialogue, social safety, efficiency, responsibility and atmosphere.

Attention was also paid to the mutual interaction and the interaction with the Executive Board. The overall expertise, competence and composition of the Supervisory Board and its members were also discussed. Overall, it was concluded that the new Supervisory Board had made a good start. The Supervisory Board expects to continue contributing successfully to the interests of Vastned and its stakeholders during the coming period. In doing so, it will continue to pay attention to connecting the interests and perspectives of all Vastned stakeholders involved.

To emphasise the importance of conducting an annual self-evaluation, the Supervisory Board has already drawn up and adopted a plan for the approach to self-evaluation for the years 2023, 2024 and 2025.

Resignation Schedule Supervisory Board

	Appointment	End-Date	Term
Jaap Blokhuis	2019, 2022	2025	3 years
Désirée Theyse	2022	2026	4 years
Ber Buschman	2022	2024	2 years

2022 financial statements

The Supervisory Board is pleased to present the annual report of Vastned Retail N.V. for the 2022 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 20 April 2023:

i) To adopt the financial statements for the 2022 financial year in the form as presented in accordance with Article 26 of the company's Articles of Association;
ii) To discharge the member of the Executive Board from liability for the performance of its sole duties in the financial year 2022;
iii) To discharge the members of the Supervisory Board from liability for the performance of their duties in the financial year 2022.

Dividend policy

Vastned's dividend policy is to distribute at least 75% of the direct investment result per share as dividends. In principle, stock dividends will not be distributed.

Dividend proposal

The total dividend Vastned proposes to its shareholders accumulates to € 1.85 per share, representing a payout of 90% of the direct result of 2022. Following the interim dividend of € 0.59 per share paid in August 2022, the final dividend is set at € 1.26 per share. On 24 April 2023, the Vastned share is expected to quote ex-dividend, and the final dividend will be made payable on 4 May 2023.

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, Executive Committee and all Vastned employees for their dedication and efforts during the most recent reporting year.

Hoofddorp, 8 March 2023

The Supervisory Board of Vastned Retail N.V.

Jaap Blokhuis, Chair
Désirée Theyse
Ber Buschman

Members and attendance

Supervisory Board meetings 2022	Regular	Extra meetings	Total
Marc van Gelder [1)]	1/1	3/3	4/4
Jaap Blokhuis [2)]	6/6	5/5	11/11
Désirée Theyse [3)]	5/5	2/2	7/7
Ber Buschman [3)]	5/5	2/2	7/7

1) Chair, retired on 14 April 2022
2) Chair, since 14 April 2022
3) Member, since 14 April 2022

Other parties attending meetings of the Supervisory Board, either partly or in full, were the CEO, the Head of Asset Management, the Finance Director, Portfolio Managers, the Company Secretary, the external auditor, EY, and the internal auditor, BDO.
In 2022, 11 Supervisory Board meetings took place. All members were present at each of these meetings.

Supervisory Board committees and tasks

The regulations of the Supervisory Board may be downloaded from Vastned's website:
→ https://vastned.com/governance

General and working methods

During the regular meetings (six in 2022), regular recurring subjects were discussed and evaluated. These included the financial results and operational state of affairs, as well as the reporting of these issues in press releases, financing, 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, frequent ad-hoc meetings took place, as well as frequent consultations between individual members of the Supervisory Board and the sole member of the Executive Board (CEO). The CEO and the Chair of the Supervisory Board discussed current events and the general state of affairs within the company on an ongoing basis and held frequent intensive consultations.

The Chair of the Audit and Compliance Committee also had extensive contact with the CEO and Finance Director on financing options and other relevant topics.

The Supervisory Board is supported by the Company Secretary.
His duties include:

- Following correct procedures and acting in accordance with all obligations imposed by applicable law and regulations, including Dutch law, and the Articles of Association (including the obligations under these Regulations);
- Facilitating the provision of information to the Executive Board, the Supervisory Board and the Executive Committee;
- Assisting the Chair of the Supervisory Board with the actual organisation of the Supervisory Board (information, agenda, minutes, evaluation, lifelong learning programme).

2022 Highlights

- Solid results: evidence of high-quality portfolio
- Progress on objectives of 2022-2024 business plan
- Extension of credit facilities to September 2025
- Cost savings through automation
- Integrated reporting and redesign of annual report and corporate website

Priorities for 2023

- Monitoring implementation of 2023-2025 business plan
- Ongoing promotion of long-term value creation
- Initiate strategic reorientation
- Focus on cost control, focus on investing in automation
- Implementing and monitoring the Carbon Risk Real Estate Monitor (CRREM)

Report of the Audit and Compliance Committee

Members and attendance

Audit and Compliance Committee meetings 2022

	Regular: 4
Jaap Blokhuis [1)]	4/4
Marc van Gelder [2)]	1/1
Désirée Theyse [3)]	3/3
Ber Buschman [4)]	3/3

1) Chair, retired on 14 April 2022, attended 3 meetings as a guest.
2) Retired 14 April 2022.
3) Joined and Chair since 14 april 2022.
4) Joined since 14 april 2022.

As at 31 December 2022, the Audit and Compliance Committee had two members: Désirée Theyse (Chair) and Ber Buschman. Marc van Gelder stepped down from the Supervisory Board on 14 April 2022, at which point Jaap Blokhuis became Chair of the Supervisory Board and retired from the Audit and Compliance Committee as both Chair and member. Since that time, the Audit and Compliance Committee has consisted of two new members: Désirée Theyse (Chair) and Ber Buschman. As of 15 April 2022, it has been common practice for Jaap Blokhuis to join the Audit and Compliance Committee meeting as a guest. The complete Supervisory Board was therefore present at all Audit and Compliance Committee meetings in 2022.

Other parties fully or partially attending meetings of the Audit and Compliance Committee were the CEO, the Finance Director, the Company Secretary,the external auditor EY and the internal auditor BDO.

Highlights 2022

- Integrated reporting and redesign of annual report
- Monitoring of CSR objectives
- Monitoring of risk and control framework
- Monitoring of follow-up actions following the Yardi implementation
- Monitoring of COVID-related impact on Vastned
- Preparation of process leading to the selection of the external auditor, effective 2024 and subject to the appointment of the auditor at the Annual General Meeting in April 2024.

Priorities for 2023

- Monitoring the effects of the announced abolishment of the FBI regime.
- Monitor impact of economic developments on the development of Vastned's portfolio
- Monitoring of risk and control framework
- Evaluation of internal audit plan for 2022 and drafting of Internal Audit plan for 2023
- Selection of the external auditor, effective 2024 and subject to the appointment of the auditor at the Annual General Meeting in April 2024.

Duties

The Audit and Compliance Committee is tasked with supervising the Executive Board, in particular, on financial and compliance 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 its deliberations and findings to the Supervisory Board on a quarterly basis.

Furthermore, the Committee reports to the Supervisory Board at least once a year on developments in the relationship with the external auditor. The performance of the external auditor is evaluated every year. The regulations of the Audit and Compliance Committee can be downloaded from Vastned's corporate website:
→ **https://vastned.com/governance/**

Explanation of meeting topics and other information

The Audit and Compliance Committee held four meetings in 2022.

During the reporting year, one meeting was held with EY in the absence of the Executive Board.

In the various meetings, many regular topics were discussed in detail, including:

- The 2021 annual accounts;
- The (interim) financial reporting for the 2022 financial year;
- The executed internal audits in 2022;
- The Risk and Control Framework
- Letting risks;
- Financing, interest management and liquidity of the company;
- Insurance matters;
- Calamities and liability risks;
- The company's tax and legal position
- The intended abolishment of the FBI status for companies such as Vastned
- Internal control and administrative organisation;
- Integrity, publicity risks and shareholder requests;
- IT risks;
- Compliance with relevant legislation and regulations (including the GDPR and the Code); and
- Risk management.

Report of the Remuneration and Nomination Committee

Members and attendance

Remuneration and Nomination Committee meetings 2022

	Regular: 2	Extra: 2
Jaap Blokhuis [1)]	2/2	2/2
Marc van Gelder [2)]	1/1	-
Ber Buschman [3)]	1/1	2/2
Désirée Theyse [4)]	-	1

1) Member, retired as Chair 14 april 2022.
2) Retired 14 april 2022.
3) Joined & Chair since 14 April 2022.
4) Joined 1 meeting as guest (no member).

As at 31 December 2022, the Remuneration and Nomination Committee had two members: Ber Buschman (Chair) and Jaap Blokhuis. Marc van Gelder stepped down from the Supervisory Board on 14 April 2022, at which point Jaap Blokhuis became Chair of the Supervisory Board and retired as Chair of the Remuneration and Nomination Committee. Since that time, the Remuneration and Nomination Committee has consisted out of two members: Ber Buschman (Chair) and Jaap Blokhuis. Supervisory Board member Désirée Theyse also attended one Committee meeting as a guest.

Below is a brief description of various highlights from the perspective of the Remuneration and Nomination Committee.

New Supervisory Board members
The 2022 Annual General Meeting (AGM) nominated Désirée Theyse and Ber Buschman as new Supervisory Board members of Vastned. Due to the resignation of Marc van Gelder, as of 15 April 2022 the Supervisory Board consists of Jaap Blokhuis (Chair), Désirée Theyse and Ber Buschman.

Désirée Theyse brings extensive experience and in-depth financial expertise and has served in the financial management of several large organisations (mostly listed companies). Following her appointment, Désirée Theyse also chairs the Audit and Compliance Committee. Ber Buschman possesses extensive experience and in-depth knowledge in national and international real estate industry. He has a business relationship with the largest minority shareholder of Vastned, Van Herk Investments. Following his appointment, Ber Buschman chairs the Remuneration and Nomination Committee.

Updated Remuneration Policies
At the 2022 AGM, the shareholders approved the proposals to amend the Remuneration Policy for the Executive Board and to adopt the Remuneration Policy for the Supervisory Board. For a detailed explanation of the new remuneration policies and accountability for 2022, we refer to the Remuneration Report 2022.

Onboarding programme Supervisory Board members
Following the nomination of two new Supervisory Board members at the 2022 AGM, all Supervisory Board members participated in an extensive onboarding programme. Because all members participated in the onboarding process, team building could take place right away. The onboarding process was interactive, providing both a framework and a welcoming environment that encouraged the new members to begin making a full and immediate contribution to the Board. Attention was paid to the corporate governance best practices, corporate strategy, financing, risk and control, and industry trends. The programme was supported by external specialists and supplemented by discussions with key representatives of Vastned, including the Finance Director and portfolio managers.

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 each year

Benchmarking and updated peers list RTSR

In accordance with the Remuneration Policy for the Executive Board and Remuneration Policy for the Supervisory Board, the Supervisory Board ensures periodic updating of the peers in the Labour Market Reference Group and the peers of the Relative Total Shareholder Return (RTSR) test. The last update dated from 2019. As of January 2023, the Supervisory Board adjusted the two peer groups to keep them relevant within the framework of the remuneration policy. Subsequently, a benchmarking of the Labour Market Reference Group took place. The new composition of the RTSR peer group will be involved in the calculation of the long-term variable renumeration ('LTI') incentive based on Relative Total Shareholder Return ('RTSR') for the 2023 financial year. For a detailed explanation, we refer to the 2022 Remuneration Report.

Remuneration Report

The 2022 Remuneration Report for the Executive Board and the Supervisory Board is included in the next section of this annual report. The Remuneration Report will be submitted to the Annual General Meeting on 20 April 2023 for an advisory vote.

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;
- Preparation of the annual accounting for the Remuneration Policy conducted in the Remuneration Report and its submission to the AGM for an advisory vote.

The regulations of the Remuneration and Nomination Committee can be downloaded from Vastned's corporate website:

→ https://vastned.com/governance/

2022 highlights

- AGM approval on the remuneration policies of both the Executive Board and Supervisory Board
- AGM nomination for Supervisory Board members
- Désirée Theyse (four-year appointment) and Ber Buschman (two-year appointment)
- Process leading up to updating the peers list for Labour Market Reference Group and RTSR Reference Group
- Process leading up to Benchmarking Labour Market Reference Group
- Monitoring of Business Health test, including an ESG target, as part of LTI;
- Execution of 360-degree evaluation of the Executive Board;
- Determination of STI for 2022 and LTI for the 2020-2022 period; and
- Self-evaluation of the Supervisory Board.

Priorities for 2023

- Setting the 2023 STI targets
- Incorporation of adjusted ESG target within the Business Health test as part of LTI of the Executive Board;
- Execution of 360-degree evaluation of the Executive Board;
- Prepare succession planning for the Supervisory Board;
- Self-evaluation of the Supervisory Board.

Remuneration Report

Remuneration Report 2022

This remuneration report is comprised of two parts. The first part contains information on the remuneration awarded to the sole member of the Executive Board in 2022. The second part contains information on the remuneration awarded to the members of the Supervisory Board in 2022.

2022 Annual General Meeting

All of the resolutions of the Annual General Meeting (AGM) of 14 April 2022 have been adopted with a significant majority of 96% or more.

Remuneration Report

The advisory vote on the 2021 Remuneration Report was positive, with 96.2% of valid votes cast in favour. Considering this positive vote, the Supervisory Board decided not to alter the structure of the 2022 Remuneration Report compared to 2021.

The proposals to adopt a (new) Remuneration Policy for both the Executive Board and the Supervisory Board with retroactive effect from 1 January 2022 were adopted with 96.1% and 99.9% of valid votes cast in favour, respectively. These proposals were, among other factors, made to comply with the implementation legislation of the Shareholders' Rights Directive, which contains provisions regarding the remuneration of both the Executive Board and the Supervisory Board. This means that the Remuneration Policy requires the approval of the General Meeting of Shareholders every four years.

The adopted amended Remuneration Policy for the Executive Board now takes into account the current composition of the Executive Board (one sole member, being the Managing Director/CEO). The total variable remuneration for the Executive Board is limited to a maximum of 100% of the fixed remuneration (unchanged). The variable remuneration is comprised of 40% short-term variable remuneration (STI) and 60% long-term variable remuneration (LTI) (unchanged). Furthermore, as of January 2022, the Remuneration Policy includes a quantitative ESG target as one of the elements in the Business Health Test (part of LTI).

The adopted amendments to the Remuneration Policy of the Supervisory Board concern a simplification. The total remuneration received by each member of the Supervisory Board is unchanged, in addition to which there are no separate fees for committee membership, only for the chairmanship of the committees.

Appointment of Supervisory Board members

The proposals in relation to the composition of the Supervisory Board have all been adopted by the General Meeting. Jaap Blokhuis has been reappointed for a second term of three years. Désirée Theyse has been appointed for a period of four years. Ber Buschman has been appointed for a period of two years. The terms of the Supervisory Board members have been staggered to ensure continuity. Following these three appointments, Marc van Gelder stepped down as a member of the Supervisory Board of Vastned and handed over the Chairmanship of the Supervisory Board to Mr Blokhuis. The Supervisory Board and the company expresses their sincere gratitude to Mr van Gelder for his contribution to the company since 2015 as a member of the Supervisory Board, including his six years spent as Chair.

Remuneration of the Executive Board

Executive Board Remuneration Policy

Vastned's current Executive Board Remuneration Policy was adopted during the Annual General Meeting on 14 April 2022 and took retrospective effect as of 1 January 2022.

The Remuneration Policy is available in full on Vastned's website:
➜ https://vastned.com/governance/

Policy at a glance

The Remuneration Policy contributes to the company's strategy, long-term interests and sustainability through:
- The establishment of a clear and transparent remuneration policy, which complies with the most recent (also international) corporate governance standards. Vastned also aspires to compete in this area with the European "best in class" companies;
- Alignment of the remuneration policy with the Vastned strategy, aimed at stimulating predictable and stable results;

- The further strengthening of the relationship between the Executive Board's performance and remuneration;
- The alignment of interests of the Executive Board with shareholder interests by further stimulating long-term shareholding;
- The ability to attract, motivate and retain executives of the highest level.

The policy and its implementation are shaped in such a way that members of the Executive Board receive remuneration that is in line with Vastned's identity as a European listed property company of which the main focus is to create long-term value for all stakeholders. Within this ambition, special attention is given to the social context and the society to which Vastned belongs, with due observance of the business' necessary competitiveness. The principle in this regard 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 be in reasonable proportion to the salaries and employment conditions of Vastned's employees at all times, and in line with the pay ratios in place within the company. The reasonableness of the pay ratios within Vastned is continuously monitored based on benchmarks as well as internal and external reports.

Employment agreement of the Executive Board

Duration of the agreement

Since 1 December 2020, Reinier Walta has held the position of interim CEO. The proposal for the appointment of Mr Walta as the sole statutory director (CEO) of Vastned was adopted during the Annual General Meeting on 15 April 2021. Mr Walta's appointment is for a four-year term, starting on 15 April 2021 and ending after the AGM held in 2025.

For the sole member of the Executive Board, Vastned must observe a termination period of six months; the member himself three months.

The employment contract of the sole member of the Executive Board complies with the Dutch Corporate Governance Code.

Dismissal payments

Dismissal payments are limited to 12 months' fixed remuneration.

Share ownership guidelines

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

Position at year-end 2022

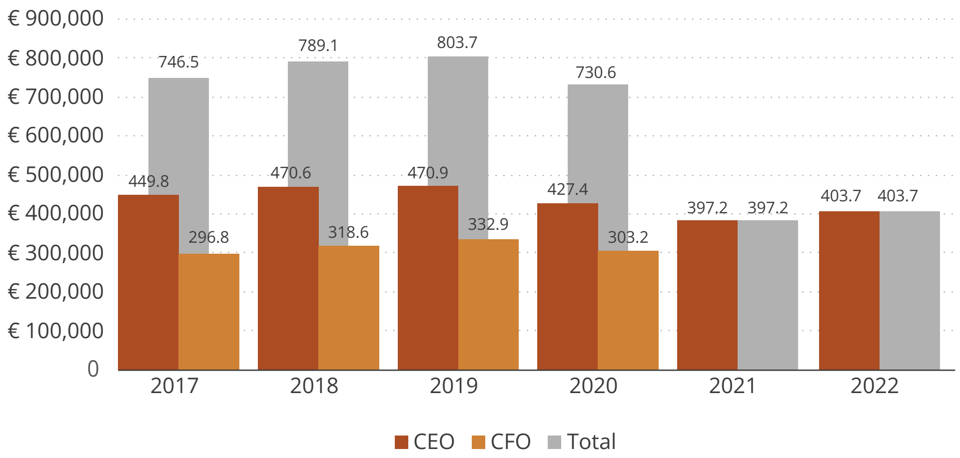
As at year-end 2022, Mr Walta had accumulated a Vastned shareholding of 7,375 shares at his own personal expense. At a closing share price of € 21.15, this represented 40% of Mr Walta's fixed remuneration as at 31 December 2022. As such, Mr Walta has yet to meet the minimum shareholding requirement. According to the share ownership guidelines outlined by Vastned, the sole member of the Executive Board is obliged to use the cash payment under the LTI plan to acquire Vastned shares until the share ownership guidelines are met.

Fixed remuneration

As of 2022, the fixed remuneration of the CEO is € 390,000 per annum, excluding social security contributions and pension. No annual inflation adjustment is applied to the CEO's fixed remuneration.

The following diagram presents the fixed remuneration, including social security contributions, of the Executive Board during the period 2017 to 2022.

Total fixed remuneration Executive Board report (€ thousand)



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 and 60% long-term variable remuneration.

Short-term incentives

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

The first quantitative STI target in 2022 was an acquisition target to grow the portfolio by investing in assets that align with Vastned's strategy. This target had to be quantified along the lines of gross rental growth. Given the different scenario's taken into account, most notably the rapidly changing market conditions due to the war in Ukraine, rising energy prices and rising interest rates, the Supervisory Board is aware of the impact this had on the target set at the beginning of 2022. Overall, the Supervisory Board supports the choices made by the Executive Board, which ultimately led to the divestment of five non-strategic assets with a total transaction value of € 2.2 million, which was 30% above book value. Vastned acquired one asset in 2022, Zuidplein Hoog 827 in Rotterdam, for € 1.9 million including costs.

Given the circumstances, the Supervisory Board has decided not to assign a score to this STI. In the opinion of the Supervisory Board, the appreciation for the implementation of the strategy and the response to the rapidly changing market conditions is sufficiently reflected in the scoring of the qualitative STI.

The second quantitative STI target was related to a like-for-like gross rental growth excluding waivers. The threshold for an award based on this target was a like-for-like rental growth of 2% (a 15% award applies in this case). The maximum of this target was a gross like-for-like rental growth of 4% (a 25% award applies in this case). The like-for-like gross rental growth amounted to 3.4% at year-end 2022.

The third quantitative STI target in 2022 was related to the total occupancy rate of the portfolio at year-end 2022. The threshold for an award based on this target was a total occupancy rate at year-end 2022 of at least 97% (a 15% award applies in this case) and the maximum of this target was at least 99% (a 25% award applies in this case). The occupancy rate at year-end 2022 was 98.6%.

In 2022, the objective of the qualitative STI target for the CEO focused on creating long-term value in setting the strategy and business plan of the company. The decline in the share of traditional fashion brands in the portfolio, cost control and value creation within the portfolio (i.e. by creating residential apartments) were also taken into account. In this discretionary assessment, the Supervisory Board also wishes to express that the deletion of the score for the first quantitative target of the STI affects the total score of the STI. The Executive Board has succeeded in responding flexibly to the changing market conditions and has also ensured that Vastned reported stable and strong results in 2022. The qualitative STI targets therefore scores 80% (20% of total STI).

This brings the CEO's total STI to 65% (0% + 22% + 23% + 20% realisation of the STI targets) * 40% (weight of STI in total calculation) * annual salary (€ 390,000) = € 101,400.

Schematically, the structure of the Executive Board's STI can be represented as follows:

#	Test	Weight of total STI	Treshold	Maximum	Realisation	STI award %	STI award absolute
1	Acquisition target	25%	-	-	-	0%	€ 0
2	Like-for-like gross rental growth	25%	2%	4%	3.4%	22%	€ 34,320
3	Occupancy Rate	25%	97%	99%	98.6%	23%	€ 35,880
4	Qualitative STI target	25%	-	-	80%	20%	€ 31,200
Total		**100%**				**65%**	**€ 101,400**

Long-term incentives 2020-2022

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 2022 LTI covers the period 2020-2022.
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. The RTSR-test is awarded based on Vastned's ranking within the reference group, on the basis of total shareholder return of the Vastned share at the end of the three-year performance period, in accordance with the following scale: 1: 100%, 2: 86%, 3: 72%, 4: 58%, 5: 44%, 6 :30%, 7-12: 0%. In the defined peer group Vastned came third based on the figures at year-end 2022, so 72% is awarded based on the RTSR test. As a result, 72% * 40% = 28.8% of the RTSR-based LTI is payable.

   Please note that the RTSR peer group has been updated for the remuneration for the Executive Board over the 2023 financial year onwards, please refer to the chapter 'Outlook to 2023'.

   For a full description of the test and the peer group, please refer to Paragraph 4.3.2.2 of the Remuneration Policy for the Executive Board, which can be consulted on the Vastned website.

2. The ATSR test sets 30% of the total LTI. The threshold for the realisation of the ATSR is 10% ATSR and realisation above 25% ATSR results in the maximum award. As at 31 December 2022, the total shareholder return for the period 1 January 2020 up to and including 31 December 2022 was – 9.12%. Given that, at the reference date, the ATSR for the period 1 January 2020 up to and including 31 December 2022 was not above 10% at year-end 2022, 0% LTI is payable based on the ATSR test.

   For a full description of the test, please refer to Paragraph 4.3.2.3 of the Remuneration Policy for the Executive Board, which can be consulted on the Vastned website.

3. The Business Health Test determines 30% of the total LTI. The purpose of the test is to ensure, to the extent possible, that short-term incentives are not predominant in determining the policy and that the Executive Board keeps the long-term strategy in mind at all times. As a starting point for the test's evaluation process, the impact of the annual STI targets over a three-year period is measured. Other, non-financial performance indicators are also considered, including strategic leadership, 'tone at the top', employee satisfaction, implementation of the strategy and corporate social responsibility. A quantitative environmental, social and/or governance (ESG) target represents at minimum 1/3 of the Business Health Test (representing 10% of total LTI) and a maximum of 2/3 of the Business Health Test (representing 20% of total LTI).

The Supervisory Board has evaluated 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 the objectives the Executive Board has set for itself regarding corporate social responsibility. The Remuneration and Nomination Committee has also taken these aspects into account in its deliberations. This formed part of an extensive 360-degree evaluation of the sole member of the Executive Board, for which several discussions were held with staff, members of the Executive Committee and various country managers. In these interviews, questions are asked about the prevailing culture within Vastned. This verifies the extent to which behaviour and actions are aimed at long-term value creation. In the view of the Supervisory Board, the CEO's attitude and behaviour are aimed at creating long-term value for Vastned and its stakeholders. The culture within Vastned can be described as open, informal, professional and aimed at serving the interests of all stakeholders. The 360-degree review resulted in a positive evaluation of Mr Walta.

ESG target included in Business Health Test

At the start of 2022, a new target was set to increase the eligible assets of the portfolio to 25% of the total market value. These eligible assets relate to assets that can be used for green loans in line with Vastned's Green Finance Framework. At year-end 2021, 10% of the assets were eligible. To quantify this target, the following steps were targeted: 2022: 15%; 2023: 20%; 2024: 25%. The data collection process began in 2022 with the renewal of the energy labelling of the 15 most valuable assets in the Netherlands. This resulted in a major increase in the percentage of eligible assets (25%), as a result of which these assets scored well in terms of theoretical energy performance. This already signifies a 100% score for the ESG element of the Business Health Test (total 10% of LTI), while the 25% threshold was set for 2024. However, this score is mainly due to the new assessment method and renewed energy labelling framework in the Netherlands. The Supervisory Board is pleased with these initial results, though it is also of the opinion that the ESG target should be updated to a transparent and science-based decarbonisation pathway aligned with the Paris Agreement. Therefore, starting in the Netherlands, 2023 will be used to inventory Vastned's portfolio in order to subsequently set realistic and ambitious targets that can be followed by the Carbon Risk Real Estate Monitor (CRREM). A clear framework and target for the updated ESG target will be included in the 2023 Remuneration Report.

The total Business Health Test scored 50% which results in a 15% payout.

For a full description of the Business Health 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.

This brings the CEO's total LTI to 43.8% (28.8% + 0% + 15% realisation of the LTI targets) * 60% (weight of LTI in total calculation) * annual salary (€ 390,000) = € 102,492.

Schematically, the structure of the sole member of the Executive Board's LTI for the period 2020-2022 can be represented as follows:

#	Test	Weight of total LTI	Realisation test	LTI award %	LTI award absolute	Comments
1	Relative Total Shareholder Return test ('RTSR')	40%	3	28.8%	€ 67,392	Vastned finished in 3rd position within the reference group position within the reference group
2	Absolute Total Shareholder Return test ('ATSR')	30%	-9.12%	0%	€ 0	No payment because the minimum was not achieved
3	Business Health test	30%	50%	15%	€ 35,100	The Business Health Test resulted in a 15% payout
Total		100%		43.8%	€ 102,492	

The total variable remuneration (STI + LTI) amounts to € 203,892 which equates to 52% of the fixed remuneration.

Incentives Executive Board 2021
The Supervisory Board has not availed itself of its right to adjust or recover the incentives awarded to the sole member of Executive Board during the 2021 reporting year or earlier.

Pension

The sole member of the Executive Board does not pay his own contributions to his pension schemes; these contributions are paid by Vastned. Mr Walta's pension was based on a defined contribution scheme as of 1 January 2020. Based on the Pension Agreement, the expected retirement age for Mr Walta is 68 years and three months.

Pension compensation

Mr Walta participates in Vastned's pension scheme. On 1 January 2015, the tax relief on pension accrual was adjusted based on new tax legislation, with the effect that only the maximum pensionable salary in any year is now pensionable. It has been agreed with Mr 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 Mr Walta in 2022 was € 27,778 for the part up to the maximum pensionable salary in that year. For the part above the maximum pensionable salary, Mr Walta received compensation of € 38,522 in 2022. This pension compensation does not qualify as part of the fixed remuneration. The total compensation was € 66,300 (17% * € 390,000; fixed remuneration). Based on tax legislation, the partner pension under the pension scheme that is in effect at Vastned is also limited.

Loans

Vastned did not provide any loans or guarantees to the sole member of the Executive Board in 2022.

Total remuneration

Overview of total remuneration paid to the sole member of the Executive Board

The table below presents the remuneration awarded to the Executive Board in 2022 (€):

	Fixed Remuneration	Social security contributions	Pension [1]	Other benefits [2]	STI	LTI	Total
Reinier Walta	390,000	13,732	72,979	24,914	101,400	102,492	705,517

1) Including WIA top-up premiums.
2) Concerns expenses relating to company car.

Remuneration and operating results	2022	2021	2020	2019	2018
Operating result					
Turnover (x € 1,000)	66,378	62,216	64,916	69,288	77,060
Direct result (x € 1,000)	35,177	33,058	31,727	35,041	40,354
Average remuneration (on full-time basis)					
Directors of the company (x € 1,000)	681	705	502	628	736
• CEO [1]	681	705	585	734	879
• CFO [1]	–	–	419	521	593
Employees of the company (x € 1,000)	108	104	108	106	110
Pay ratio	6.3	6.8	4.6	5.9	6.7

1) Including social insurance contributions and pension, excluding other benefits. Further context is required regarding remuneration paid with respect to the CFO and CEO positions during the period 2017-2022. Specifically, the CFO remuneration figures presented in the table for the years 2017 to 2020 inclusive relate to remuneration paid to Vastned's former CFO (and current CEO), Reinier Walta. The CEO remuneration figures for the years 2017-2020 inclusive relate to remuneration paid to Vastned's former CEO, while the CEO remuneration figures presented for the years 2021 and 2022 relate to remuneration paid to Mr Walta. The CEO remuneration figures presented for 2021 and 2022 include the period Mr Walta spent as interim CEO before taking up the CEO position on a permanent basis on 15 April 2021.

Pay ratios within Vastned

In accordance with the best-practice provisions in the Dutch Corporate Governance Code, Vastned reports on the pay ratios of the Executive Board in comparison to those of a ‘representative reference group’ defined by the company. Vastned has elected to compare the remuneration of the CEO Mr Walta for the whole of 2022 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 2022, had not yet been employed for a full year were annualised as if the relevant employee had been employed throughout the year. Adjustments in this calculation were made in case his/her predecessor was employed part of the remaining period of the year. Using this method, the ratio between the CEO’s remuneration as presented in the diagram on the left and that of an average employee for the 2022 tax year was 6.30: 1 (2021: 6.80: 1, 2020: 4.60: 1, 2019: 5.90: 1, 2018: 6.70: 1).

Outlook to 2023

In accordance with the remuneration policy the Supervisory Board ensures periodic updating of the peers in the Labour Market Reference Group and the peers of the Relative Total Shareholder Return (RTSR) test. The last update dates from 2019. During 2022, the Supervisory Board has retained Deloitte to support in conducting both a Labor Market Reference Group – and RTSR Reference Group review. As of January 2023, the Supervisory Board adjusted the two peer groups to keep them relevant within the framework of the remuneration policy. Subsequently, market benchmarking assessments against the updated Labour Market Reference Group have been conducted for the CEO and Supervisory Board positions.

Labour Market Reference Group

The Labour Market Reference Group is defined in line with the strategic focus, complexity, and ambition of Vastned. The composition of Vastned's Labour Market Reference Group was reviewed to ensure alignment with the framework of the remuneration policy and to ensure a future-proof composition.

After a careful evaluation, the Supervisory Board has decided to make adjustments to the composition and to remove *Shaftesbury* and *Deutsche EuroShop* because of expected ceasing existence *(Shaftesbury)* or potential delisting *(Deutsche EuroShop)*. To re-balance the group and remain in line with the broader remuneration policy framework the Supervisory Board has selected four new peers. Based on a comparability analysis, taking into consideration size factors, business model and Vastned's positioning within the peer group, *Retail Estates*, *Hamborner REIT*, *Deutsche Konsum REIT* and *Capital & Regional* have been added to the Labour Market Reference Group.

Labour Market Reference Group (as at 1 January 2023)

CapCo Properties*	PLC Klépierre SA
Citycon Oyj	Mercialys SA
Deutche Euroshop ⊖	NSI NV
Eurocommercial Properties NV	AG Shaftesbury PLC* ⊖
Hammerson PLC	Wereldhave NV
IGD SIIQ SpA	Retail Estates ⊕
Hamborner REIT ⊕	Deutsche Konsum REIT ⊕
Capital & Regional ⊕	

* Capital and Counties Properties (Capco Properties) and Shaftesbury have reached an agreement on a recommended all-share merger, and the shareholders of both companies have voted in favour of the proposal.

⊕ Added
⊖ Removed

Benchmark results Labour Market Reference Group and AScX index

The remuneration levels are determined based on the comparison with the Labour Market Reference Group and a double fairness test based on all AScX constituents, and taking account of the pay ratios, Vastned's identity, mission and values and public support. The Remuneration Policy states that fixed remuneration will be positioned in line with the median of the Labour Market Reference Group and around the 25th percentile for the total remuneration. However, the results of the assessment undertaken in January 2023 show that positioning against the updated Labour Market Reference Group and the AScX funds is just above the 25th percentile on fixed compensation and drops below the 25th percentile on total direct compensation considering both the target and maximum opportunities. There are two main drivers for the decline in positioning as more elements are included. First, Vastned's variable compensation target opportunities are below the 25th percentile market levels against both reference groups. Secondly, the maximum leverage of the variable compensation opportunities in the market is typically higher.

Given the positioning in terms of size (market cap) of Vastned within the respective reference groups, this positioning is in line with expectations. Based on this benchmark study, the Supervisory Board is of the opinion that no adjustments to the current remuneration structure are necessary. The current total remuneration of the Executive Board takes into account the impact on the remuneration ratios within Vastned and is reasonably proportional to the salaries and employment conditions of Vastned's employees. Furthermore, the current remuneration takes into account Vastned's identity, mission and values and public support in such a way that the remuneration of the Executive Board is in line with Vastned's identity as a European listed property company, the main focus of which is to create long-term value for all stakeholders involved with the company.

Relative Total Shareholder Return (‘RTSR’) reference group

The RTSR reference Group consists of companies considered to be best in class in Vastned’s sector. In accordance with the remuneration policy, the RTSR reference group largely follows the Labour Market Reference Group. Hence**,** *Shaftesbury* and *Deutsche Euroshop* are removed from the RTSR reference group as for similar reasons as for the Labour Market Reference Group. In addition to Labour Market Reference Group’s comparability analysis, an independent comparability analysis, taking into consideration share profile characteristics, for *Retail Estates, Hamborner REIT, Deutsche Konsumand Capital & Regional* was conducted to identify whether these companies would also be suitable as an RTSR peer. Following this analysis, the Supervisory Board decided to include *Retail Estates* and *Hamborner REIT* as RTSR peers.

The change in the composition of the RTSR peer group will affect the RTSR scoring from 2023 onwards. For the outstanding 2021-2023 and 2022-2024 LTI grants, it is decided that performance of Deutsche EuroShop and Shaftesbury will be indexed with the average performance of the remaining peers, starting at the moment of delisting, until the end of the performance period for both grants.

Relative Total Shareholder Return reference group (as at 1 January 2023)

CapCo Properties*	PLC Klépierre SA
Citycon Oyj	Mercialys SA
Deutche Euroshop ⊖	AG Shaftesbury PLC* ⊖
Eurocommercial Properties NV	Unibail-Rodamco-Westfield SE
Hammerson PLC	Wereldhave NV
IGD SIIQ SpA	Retail Estates ⊕
Hamborner REIT ⊕	

* Capital and Counties Properties (Capco Properties) and Shaftesbury have reached an agreement on a recommended all-share merger, and the shareholders of both companies have voted in favour of the proposal.

⊕ Added
⊖ Removed

Remuneration of the Supervisory Board

The members of the Supervisory Board receive a compensation at a competitive level that does not include performance-based elements. This is to ensure the remuneration contributes to safeguarding independent expert supervision in the interests of the company and its long-term performance.

Supervisory Board Remuneration Policy

The remuneration system applicable to the Supervisory Board was adopted at the Annual General Meeting on 14 April 2022 with retroactive effect from 1 January 2022. The new policy fulfils the requirements regarding the remuneration policy for supervisory directors, which were introduced into Dutch company law in order to implement the Shareholders' Rights Directive. The new Remuneration Policy of the Supervisory Board concerns a simplification.

The new Remuneration Policy explicitly excludes an increase in the total remuneration received by each member. Instead, the policy entails the simplification of the current remuneration system in reflection of the size of the Supervisory Board (three members) and to avoid double counting (for example, in the case of a member being both a member of the Audit and Compliance Committee and Chairman of the Remuneration and Nomination Committee). The new policy therefore only provides supplements for chairmanships of specific committees, as a result of which separate supplements for membership will be discontinued. This takes into account the division of roles within the composition of the Supervisory Board, as well as the compact size of the Board.

Benchmark results Labour Market Reference Group and AScX index

Like with the total remuneration of the Executive Board, in January 2023 the total remuneration of Vastned's Supervisory Board was compared with the updated Labour Market Reference Group as at 1 January 2023. The findings of this comparison were then compared by way of a double reasonableness test with the companies in the AScX index. The benchmark survey showed that the total remuneration of the Chair and the members of the Supervisory Board were between the 25th percentile and the median market against the labour market reference, while it is positioned just below the 25th percentile of the AScX funds. With regards to the committee fees, Vastned Chair fees are at the lower end of the market, aligned somewhat more with the Dutch market context than the European peers.

This positioning is in line with expectations given Vastned's size in terms of market capitalisation relative to the members of the respective reference groups. Based on this benchmark study, the Supervisory Board is of the opinion that no adjustments to the current remuneration structure are necessary.

Remuneration Supervisory Board

The remuneration of the Supervisory Board as at 31 December 2022 is as follows:

Chair	€ 52,750
Member (not being Chair)	€ 36,000
• Supplement Chair Audit and Compliance Committee	€ 7,750
• Supplement Chair Remuneration and Nomination Committee	€ 6,750
• Expense allowance *	€ 1,250

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

Overview of the remuneration granted to the Supervisory Board in 2022

The table below presents the remuneration awarded to the Supervisory Board in 2022 (€):

	Supervisory Board	Chair Audit and Compliance Committee	Chair Remuneration and Nomination Committee	Expense Allowance	Total
Marc van Gelder [1)]	15,385			365	15,750
Jaap Blokhuis	47,865	2,260	*	1,250	51,375
Désirée Theyse	25,500	5,490		885	31,875
Ber Buschman	25,500		4,781	885	31,167
Total	**114,250**	**7,750**	**4,781**	**3,385**	**130,167**

1) Retired 14 April 2022.
* Jaap Blokhuis waived his supplement for being Chair of the Remuneration and Nomination Committee until 14 april 2022.

Overview of the remuneration granted to the Supervisory Board during 2022 - 2018

The table below presents the remuneration awarded to the Supervisory Board in 2022 – 2018 (x € 1.000):

	2022	2021	2020*	2019	2018
Marc van Gelder	15.8	54	48	53	53
Charlotte Insinger		13	39	44	44
Jaap Blokhuis	51.4	47.5	38	29	
Marieke Bax			20	43	43
Jeroen Hunfeld				12	41
Désirée Theyse	31.9				
Ber Buschman	31.2				
Total	**130.2**	**114.5**	**145**	**181**	**181**

* Including a 15% voluntary waiver over the months of May to December 2020 in connection with COVID-19.

Financial Statements

Consolidated profit and loss account

(€ thousand)

Net income from property	Note	2022	2021
Gross rental income	4, 25	66,377	62,216
Other income	4	409	490
Net service charge expenses	4	(61)	(142)
Operating expenses	4	(7,033)	(5,942)
Net rental income		**59,692**	**56,622**
Value movements in property in operation	5	(19,457)	(26,531)
Total value movements in property		**(19,457)**	**(26,531)**
Net result on divestments of property	6	635	234
Total net income from property		**40,870**	**30,325**
Expenditure			
Financial income	7	13	36
Financial expenses	7	(12,018)	(11,906)
Value movements in financial derivatives	7	16,319	3,584
Net financing costs		**4,314**	**(8,286)**
General expenses	8	(6,890)	(6,707)
Abortive purchase costs	9	(719)	–
Total expenditure		**(3,295)**	**(14,993)**
Result before taxes		**37,575**	**15,332**
Current income tax expense	10	(855)	(633)
Movement deferred tax assets and liabilities	10, 19	(375)	1,128
Total income tax		**(1,230)**	**495**
Result after taxes		**36,345**	**15,827**
Result attributable to Vastned Retail shareholders		31,345	14,405
Result attributable to non-controlling interests	28	5,000	1,422
		36,345	**15,827**

Per share (€)	Note	2022	2021
Result	11	1.83	0.84
Diluted result	11	1.83	0.84

Consolidated statement of comprehensive income

(€ thousand)

	Note	2022	2021
Result after taxes		36,345	15,827
Items not reclassified to the profit and loss account			
Remeasurement of defined benefit obligation	20	2,163	237
Other comprehensive income after taxes		**2,163**	**237**
Total comprehensive result		**38,508**	**16,064**
Attributable to:			
Vastned Retail shareholders		33,508	14,642
Non-controlling interests		5,000	1,422
		38,508	**16,064**

Consolidated balance sheet as at 31 December

(€ thousand)

Assets

	Note	2022	2021
Property in operation	14	1,419,335	1,435,783
Accrued assets in respect of lease incentives	14	3,580	4,857
Total property		**1,422,915**	**1,440,640**
Intangible fixed assets		318	374
Tangible fixed assets		759	867
Rights-of-use assets		531	675
Financial derivatives	23	14,979	27
Total fixed assets		**1,439,502**	**1,442,583**
Assets held for sale	15	–	–
Financial derivatives	23	154	–
Debtors and other receivables	16, 23	12,730	11,087
Cash and cash equivalents	17	723	772
Total current assets		**13,607**	**11,859**
Total assets		**1,453,109**	**1,454,442**

Equity and liabilities	Note	2022	2021
Paid-up and called-up capital	18	95,183	95,183
Share premium reserve		468,555	468,555
Other reserves		120,796	134,929
Result attributable to Vastned Retail shareholders	11	31,345	14,405
Equity Vastned Retail shareholders		**715,879**	**713,072**
Equity non-controlling interests	28	80,072	78,927
Total equity		**795,951**	**791,999**
Deferred tax liabilities	19	9,449	9,074
Provisions in respect of employee benefits	20	3,644	6,052
Long-term interest-bearing loans	21	585,362	612,952
Long-term lease liabilities	21, 25	3,213	3,393
Financial derivatives	23	–	1,212
Guarantee deposits and other long-term liabilities		4,541	3,912
Total long-term liabilities		**606,209**	**636,595**
Payable to banks	21	3,344	3,320
Redemption of long-term interest-bearing loans	21	24,937	–
Short-term lease liabilities	21, 25	278	263
Income tax		35	834
Other liabilities and accruals	22	22,355	21,431
Total short-term liabilities		**50,949**	**25,848**
Total equity and liabilities		**1,453,109**	**1,454,442**

Consolidated statement of movements in equity

(€ thousand)

	Capital paid up and called	Share premium reserve	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Equity on controlling interests	Total Equity
Balance as at 1 January 2021	95,183	468,555	214,797	(41,340)	737,195	81,098	818,293
Result	–	–	–	14,405	14,405	1,422	15,827
Other comprehensive income	–	–	237	–	237	–	237
Comprehensive income	**–**	**–**	**237**	**14,405**	**14,642**	**1,422**	**16,064**
Final dividend for previous financial year in cash	–	–	–	(29,674)	(29,674)	(3,593)	(33,267)
Interim dividend 2021 in cash	–	–	(9,091)	–	(9,091)	–	(9,091)
Contribution from profit appropriation	–	–	(71,014)	71,014	–	–	–
Balance as at 31 December 2021	**95,183**	**468,555**	**134,929**	**14,405**	**713,072**	**78,927**	**791,999**
Result	–	–	–	31,345	31,345	5,000	36,345
Other comprehensive income	–	–	2,163	–	2,163	–	2,163
Comprehensive income	**–**	**–**	**2,163**	**31,345**	**33,508**	**5,000**	**38,508**
Final dividend for previous financial year in cash	–	–	–	(20,582)	(20,582)	(3,855)	(24,437)
Interim dividend 2022 in cash	–	–	(10,119)	-	(10,119)	–	(10,119)
Contribution from profit appropriation	–	–	(6,177)	6,177	–	–	–
Balance as at 31 December 2022	**95,183**	**468,555**	**120,796**	**31,345**	**715,879**	**80,072**	**795,951**

Consolidated cash flow statement

(€ thousand)

Cash flow from operating activities	Note	2022	2021
Result after taxes		36,345	15,827
Adjustments for:			
Value movements in property	5	19,457	26,531
Net result on divestments of property	6	(635)	(234)
Net financing costs	7	(4,314)	8,286
Income tax	10	1,230	(495)
Cash flow from operating activities before changes in working capital and provisions		**52,083**	**49,915**
Movement in current assets		116	6,114
Movement in short-term liabilities		547	678
Movement in provisions		(308)	(187)
		52,438	**56,520**
Interest received		13	36
Interest paid		(11,459)	(11,589)
Income tax paid		(1,656)	(683)
Cash flow from operating activities		**39,336**	**44,284**

Cash flow from investing activities			
Property acquisition		(1,947)	–
Capital expenditure on property		(3,028)	(2,464)
Divestments of property		2,280	17,905
Cash flow from property		**(2,695)**	**15,441**
Movement in other fixed assets		166	136
Cash flow from investing activities		**(2,529)**	**15,577**

Cash flow from financing activities	Note	2022	2021
Dividend paid	12	(30,700)	(38,765)
Dividend paid to non-controlling interests	28	(3,855)	(3,593)
Interest-bearing loans drawn down	21	62	–
Interest-bearing loans redeemed	21, 25	(2,992)	(17,576)
Movements in guarantee deposits and other long-term liabilities		629	(31)
Cash flow from financing activities		**(36,856)**	**(59,965)**
Net increase/(decrease) in cash and cash equivalents		**(49)**	**(104)**
Cash and cash equivalents as at 1 January	17	772	876
Cash and cash equivalents as at 31 December		**723**	**772**

Notes on the consolidated financial statements

1. General information

Vastned Retail N.V. (hereinafter also referred to as 'the company' or 'Vastned' or the Group'), with its registered office in Amsterdam and principal place of business in Hoofddorp, 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. Properties are 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 those of 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 comply 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 Standards Interpretations Committee (IFRIC), as far as they apply to the Group's activities during the financial year beginning 1 January 2022.

New or amended standards and interpretations that became effective on 1 January 2022

The amended standards and interpretations that came into effect in 2022 are listed below.

- **Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework** (effective for the financial year beginning 1 January 2022)
- **Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use** (effective for the financial year beginning 1 January 2022)
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract** (effective for the financial year beginning 1 January 2022)
- **Improvements to IFRS Standards 2018-2020** (including amendments to IFRS 9 Financial Instruments: fees for derecognition of financial liabilities, effective for the financial year beginning 1 January 2022)

New and amended standards and interpretations accepted by the European Union that will be effective for financial years starting on or after 1 January 2023 are not yet being applied by the Group

The following new and/or amended IFRS standards have been adopted, but are not yet effective, and therefore have not yet been applied by the Group:

- **Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies** (effective for the financial year beginning 1 January 2023)
- **Amendments to IAS 8: Definition of accounting estimates** (effective for the financial year beginning 1 January 2023)
- **Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction** (effective for the financial year beginning 1 January 2023)

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.

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:

- **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current**

The Executive Board does not expect that 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 to the nearest thousand 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, independent parties who are prepared to enter into a transaction, irrespective of whether its prices are 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 a 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 Vastned's 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 that:

- 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 that 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.

Considering the current context of rising interest rates, increasing yields on retail real estate properties and the expected abolishment of the FBI regime as of 2025, we will conduct a strategic reorientation, with the intention to unlock value for Vastned and all of its stakeholders. In this reorientation we will consider all strategic options for the company, including their feasibility.

Based on the assessment done by the Executive Board regarding the company's ability to act as a going concern, the Executive Board concludes that there is no material uncertainty about the company's future as a going concern in the upcoming 12 months. As such and based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.

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 *13 Fair value*.

Accounting implications of COVID-19, Russia's war with Ukraine, current economic circumstances and developments in FBI-regulation

- **Aftermath COVID-19 pandemic**

The aftermath of the COVID-19 pandemic was still visible at the beginning of 2022. Thereafter, after nearly two years of the COVID-19 pandemic, physical stores recovered strongly as consumers flooded back to inner-city shopping streets. At the beginning of 2022, and specifically in the Netherlands due to the Dutch lockdown at the time, Vastned continued to apply the approach of making individual arrangements with tenants, taking account of all relevant facts and circumstances. The remaining concessions that Vastned had to make to its tenants negatively impacted its 2022 results, although this (direct) impact was significantly lower than in 2020 and 2021. Further reference is made to rent concessions and the provision for expected credit losses in notes 4 and 16 respectively.

- **External factors**

After the turmoil of the pandemic seemed to subside, various new crises came into play. 2022 was marked by Russia's war with Ukraine, rising energy costs and high inflation. Economic headwinds, rising interest rates, higher energy prices and the announced plans to abolish the fiscal investment institution (FBI) regime effective 1 January 2025 will all impact performance in the foreseeable future, though the impact of these matters on the performance (and accounting thereof) of Vastned in 2022 was limited. Vastned has the contractual right to increase the rent due by its tenants based on country CPI figures. Rising interest rates currently only have a limited impact on Vastned as the majority of the company's financing facilities have fixed rates, by using financial derivatives, and only expire in 2024/2025. Further, the vast majority of the properties/units are let as a shell, whereby tenants are responsible for their own energy contracts. The plans to abolish the fiscal investment institution (FBI) regime effective 1 January 2025 did not impact Vastned's 2022 financial performance beyond certain costs involved in investigating the future implications of the abolishment of the FBI regime and ways to respond to this. The fact that certain costs increased during the year, and will most likely continue to do so, is subject to management's focus on being an efficient organisation whereby the increasing cost levels are compensated by the contractual rent increases. Further reference is made to expenses, the valuation of property and the provisions in respect of employee benefits, and interest rate risk management, in notes 4 and 8, 10, 20, and 23A respectively.

- **Accounting implications of Russia's war with Ukraine**

At the time of writing this annual report, Russia's war with Ukraine was ongoing, and this may have significant implications for some entities. Vastned has carefully considered its direct and indirect exposures to the war and concluded that these have been, and most likely will continue to be, minimal. During 2022, Vastned encountered one specific matter as a result of this war: the permanent closure of its Dutch stores by a Russian supermarket chain. This specific unit remained unlet as at year-end 2022. The effects on the financial statements are therefore limited.

Climate-related matters

Vastned has considered environmental, social and governance (ESG) matters and, in particular, climate-related risk factors when making estimates and judgements in the preparation of the financial statements. Climate-related risks may include both transition impacts; for example, additional costs incurred as a result of transitioning to a low-carbon economy, or physical impacts, such as damage to assets as a result of fires and flooding. The impact of particular transactions, other events and conditions on Vastned's financial position and financial performance have been assessed by management and disclosed when and where required at the individual notes. In light of the current focus on, and impact of, climate change, management has assessed the impact of climate change on Vastned and vice versa. Reference is also made to the materiality assessment performed during 2022 (page 68). The Group constantly monitors the latest government legislation in relation to climate-related matters and presently considers the impact of climate-related matters on Vastned's business model as limited. However, Vastned recognises that these matters could impact the valuation of property (fair value estimation), trade receivables, deferred tax positions and provisions and/or contingent liabilities. At present, the impact of climate-related matters is not material to the Group's financial statements. Reference is made to the chapters 'Risk Management', CEO Message' and 'Strategy' in the report of the Executive Board and the notes to the financial statements (*note 14 Property in Operation*) for a more detailed description of the indicated risks and effects.

Leases

- Lease term
  In the accounting of the lease income in the case of an operating lease, the Group considers what can be reasonably expected concerning the performance and the effect of the lease, including the most probable 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 concerns 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 outlined in the contract that the Group enters into as a lessor. These 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 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 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. These fees are related to the rent charged to lessees and the floor area leased. Such 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; based on this principle, 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 make use of the property. For an unconditional exchange of contracts, it is generally expected that control is transferred to the buyer along with the legal title.

Estimates and assumptions

Presented below are 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. 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 property in operation is appraised at least once per year by independently 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. For further explanation, reference is made to note *14 Property in operation*.

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

Provision for expected credit losses
The Group employs a provisions matrix for the calculation of expected credit losses on receivables. The provision rates are based on the historical credit loss experience of the Group, corrected for forward-looking factors that are specific to the debtors and the economic environment. Further details on expected credit losses are presented in *16 Debtors and other receivables.*

Legal proceedings
As at 31 December 2022, there were no legal proceedings for which the final outcome is expected by the Executive Board to result in a significant outflow of cash and cash equivalents and, as such, 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 control.
The company has 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 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 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 control is first obtained until such time when control ceases. Once control is obtained, all subsequent changes in ownership interests that do not involve the loss of that 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 with respect to 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, the Group takes into account 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. Goodwill is assessed for impairment annually, or earlier if circumstances give cause. 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 at 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 converted at the exchange rate effective on that date. Non-monetary assets and liabilities that are valued at fair value are converted 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 converted at the historical exchange rate.

2.5 Property in operation

Property is immovable 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 immovable 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 their 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*). 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.

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 following 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 into account 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.

The valuation of Vastned's property is based on the highest and best use.

To present 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 are appraised externally every six months (Belgium-based properties, every three 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 six-month periods. For periods during which these properties are not appraised externally, the fair value of these properties 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 Vastned's 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 recorded in the profit and loss account for 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 recorded under 'Net result on divestments of property'.

Vastned took the impact of climate-related matters, such as energy labels, into consideration when undertaking valuations of properties. This did not result in a material impact on the valuation of the properties as at 31 December 2022.

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 the residual value of the assets in question.

Intangible assets mainly comprise software, whereby assets with a limited useful life that are acquired separately are valued at cost less cumulative amortisation and any cumulative impairment losses. Amortisation is recognised straight-lined over the estimated useful life (three or five years). The estimated useful life and amortisation methods 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.

The expected useful life is estimated as follows:

Office furniture and suchlike	5 years
Vehicles	5 years
Computer equipment and reporting software	3 or 5 years

2.7 Leases

(a) The Group as a 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-lined 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-lined 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 allocate the fee based on the contract to each component.

The continuing impact of the COVID-19 pandemic during the first quarter of 2022 by means of 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 are explained in *note 4*.

- **Expected non-collectability of rent receivables for which no arrangements have (as yet) been made**
  For the recognition of expected credit losses, the simplified approach in accordance with IFRS 9 is applied (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 16*.

- **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-lined over the new minimum duration of the lease and deducted from the gross rental income as explained in *note 4 Net rental income*.

Other concessions granted by Vastned to its tenants (see *note 16 Debtors and other receivables*), 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 the contract is or comprises a lease contract. The Group recognises a right of use and a corresponding lease liability regarding all lease contracts in which the Group 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-lined as operating expenses for the duration of the lease, unless a different systematic basis is more representative of 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 following situations occur:

- the lease period is changed;
- the lease payments change due to changes in an index; or
- 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 25 Leases*.

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 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 on the Group on the balance sheet date. The amount is determined on the basis of information from reputable market parties. For more details, reference is made to *note 23 Financial instruments*.

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.

Value movements in 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 recorded 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 Debtors and other receivables, the Group applies the simplified approach of the calculation method for the ECL 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.

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 amounts 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 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 substantially 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 as 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. They also relate to the carryforward of unused tax credits to the extent that it is probable that future taxable profits will be available against which 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 Group takes into account the tax rates that are expected to apply in the period in which the receivable and/or liability will be settled, based on tax rates (substantially) enacted on the balance sheet date. For deferred tax assets and liabilities, the average tax rate is applied for the following 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 a liability in a transaction that 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 liabilities 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 with respect to defined benefit pension plans are calculated at the 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 others, 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 an 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

In the event that the Group has a legal or constructive obligation resulting from a past event and it is probable that the settlement of that liability requires an outflow of funds and the amount can be reliably measured, provisions are recognised in the balance sheet to cover such an eventuality. 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, with any difference between the cost price and the debt to be repaid recognised 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.

Derecognition from the balance sheet

An interest-bearing debt is derecognised from the balance sheet when the interest-bearing debt is discharged, cancelled or expired. If an existing interest-bearing debt is replaced by another from the same lender but with substantially different conditions, or the conditions of an existing interest-bearing debt are substantially changed, such a replacement or change is managed 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 to the tenant under the terms of the lease. The part of the service costs that cannot be charged relates largely to vacant (units in) properties. As mentioned in note 2.2, only the fees in France are not necessarily equal to the costs of the services. As a result, the Group receives the remaining benefits. The Group can be regarded as an agent. For this reason, the expenses and amounts charged 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 receivables (rent), 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 with respect to dividends 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

(€ thousand)

	Netherlands		France		Belgium		Spain		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net rental income	26,839	24,893	13,605	12,861	16,439	16,228	2,809	2,640	59,692	56,622
Value movements in property in operation	(13,981)	(17,769)	(3,040)	2,802	(2,560)	(10,312)	124	(1,252)	(19,457)	(26,531)
Net result on divestments of property	573	361	102	92	–	362	(40)	(582)	635	234
Total net income from property	**13,431**	**7,485**	**10,667**	**15,755**	**13,879**	**6,278**	**2,893**	**806**	**40,870**	**30,325**
Net financing costs									4,314	(8,286)
General expenses									(6,890)	(6,707)
Abortive purchase costs									(719)	–
Income tax									(1,230)	495
Result after taxes									**36,345**	**15,827**
Property in operation	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Balance as at 1 January [1]	619,732	639,268	409,125	405,895	322,384	337,937	81,903	83,150	1,433,144	1,466,250
Acquisitions	1,947	–	–	–	–	–	–	–	1,947	–
Investments	2,091	2,394	533	506	45	117	–	5	2,669	3,022
Transferred to Assets held for sale	–	(1,300)	–	–	–	(2,185)	–	–	–	(3,485)
Divestments	(1,645)	(2,861)	–	(78)	–	(3,664)	–	–	(1,645)	(6,603)
Value movements	(13,980)	(17,769)	(3,040)	2,802	(2,393)	(9,821)	124	(1,252)	(19,289)	(26,040)
Balance as at 31 December	608,145	619,732	406,618	409,125	320,036	322,384	82,027	81,903	1,416,826	1,433,144
Accrued assets in respect of lease incentives	2,320	2,847	426	989	717	810	117	211	3,580	4,857
Appraisal value as at 31 December	**610,465**	**622,579**	**407,044**	**410,114**	**320,753**	**323,194**	**82,144**	**82,114**	**1,420,406**	**1,438,001**
Ground lease	2,400	2,400	–	–	109	239	–	–	2,590	2,639
Total property	**612,865**	**624,979**	**407,044**	**410,114**	**320,862**	**323,433**	**82,144**	**82,114**	**1,422,915**	**1,440,640**
Other assets [2]	5,463	2,740	4,509	4,311	3,199	2,771	215	72	13,386	9,894
Not allocated to segments [3]									16,808	3,909
Total assets	**618,328**	**627,718**	**417,553**	**414,425**	**324,061**	**326,204**	**82,359**	**82,186**	**1,453,109**	**1,454,442**
Liabilities	15,933	17,759	8,194	7,839	4,254	4,199	9,628	9,741	38,009	39,538
Not allocated to segments [4]									619,148	622,905
Total liabilities									**657,157**	**662,443**

1) In order to increase the readability of this table, the presentation of this table has been adjusted compared to previous periods. This enhancement has no effect on the figures.
2) The assets held for sale are included in the Other assets.
3) The Other assets not allocated to segments are primarily cash, cash equivalents and other receivables.
4) The liabilities not allocated to segments virtually all concern the financing of the property portfolios in the different countries where Vastned operates. 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

(€ thousand)

	Gross rental income		Other income		Net service Charge expenses		Operating expenses		Net rental income	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Netherlands	30,581	28,745	–	–	12	(111)	(3,754)	(3,741)	26,839	24,893
France	14,782	13,481	326	320	(19)	11	(1,484)	(952)	13,605	12,861
Belgium	17,921	17,232	83	170	(53)	(42)	(1,512)	(1,132)	16,439	16,228
Spain	3,093	2,757	–	–	–	–	(284)	(117)	2,809	2,640
	66,377	62,215	409	490	(61)	(142)	(7,033)	(5,942)	59,692	56,622

Net service charge expenses	2022	2021
Attributable to leased properties	60	134
Attributable to vacant properties	1	8
	61	142
Operating expenses		
Attributable to leased properties	6,797	5,648
Attributable to vacant properties	236	294
	7,033	5,942
Operating expenses		
Maintenance	1,471	1,246
Administrative and commercial management [1]	2,676	2,611
Insurance	488	419
Local taxes	1,489	1,428
Letting costs	514	295
Allocation to the provision for expected credit losses (on balance)	158	(420)
Other operating expenses	237	363
	7,033	5,942

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 2022 gross rental income includes waivers of past due rent in arrears of € 537 thousand (2021: € 3.1 million). The table below shows the impact of the COVID-19 pandemic on the 2022 gross rental income:

					2022
(€ thousand)	Netherlands	France	Belgium	Spain	Total
Gross rental income before concessions	31,371	14,782	17,930	3,223	67,306
COVID-19 rent waivers [1]	(528)		(9)	–	(537)
Other rent concessions [2]	(262)	–	–	(130)	(392)
Gross rental income after concessions	**30,581**	**14,782**	**17,921**	**3,093**	**66,377**

					2021
(€ thousand)	Netherlands	France	Belgium	Spain	Total
Gross rental income before concessions	30,840	14,061	17,905	3,050	65,856
COVID-19 rent waivers [1]	(1,812)	(579)	(673)	–	(3,064)
Other rent concessions [2]	(283)	–	–	(293)	(576)
Gross rental income after concessions	**28,745**	**13,482**	**17,232**	**2,757**	**62,216**

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-lined over the contract duration.

The 2022 operating expenses include an addition to the provision for expected credit losses of € 158 thousand (2021: € 420 thousand release). The overview below presents the allocations per country in 2022:

					2022
(€ thousand)	Netherlands	France	Belgium	Spain	Total
Allocation to the provision for expected credit losses (on balance)	(219)	402	(25)	–	158

					2021
	Netherlands	France	Belgium	Spain	Total
Allocation to the provision for expected credit losses (on balance)	54	(116)	(264)	(95)	(420)

5. Value movements in property

(€ thousand)	2022 Positive	2022 Negative	2022 Total	2021 Positive	2021 Negative	2021 Total
Property in operation [1]	18,695	(38,152)	(19,457)	21,788	(48,319)	(26,531)

1) The difference between the value moment above and the value moment in the Cash flow statement contains the lease liability, with an impact of 167 thousand.

6. Net result on divestments of property

(€ thousand)	2022	2021
Sale price	2,165	18,208
Book value at time of divestment	(1,645)	(17,502)
	520	**706**
Sales costs	(27)	(647)
	493	**59**
Other	142	175
	635	**234**

For further explanation, see *14 Property in operation.*

7. Net financing costs

(€ thousand)

Interest income	2022	2021
Other interest income	(13)	(36)
Interest paid		
Long-term interest-bearing loans	11,661	11,659
Short-term credits and cash loans	150	112
Lease liabilities	121	64
Other interest expenses	86	71
	12,018	11,906
Total interest	12,005	11,870
Value movements in financial derivatives	(16,319)	(3,584)
	(4,314)	8,286

For further explanation, see *23 Financial instruments.*

8. General expenses

(€ thousand)	2022	2021
Personnel costs	5,303	5,333
Remuneration of Supervisory Board	142	99
Consultancy and audit costs	1,169	976
Appraisal costs	545	543
Accommodation and office costs	720	719
Other expenses	1,368	1,203
	9,247	8,873
Attributed to operating expenses	(2,357)	(2,166)
	6,890	6,707

Personnel costs

During 2022, Vastned employed an average of 30 employees (FTEs) (2021: 34), of which 16 in the Netherlands and 14 abroad (2021: 20 in the Netherlands and 14 abroad).

During the reporting year, € 3.4 million was recognised in salaries (2021: € 3.7 million), € 0.5 million in social insurance contributions (2021: € 0.5 million) and € 0.4 million in pension contributions (2021: € 0.4 million).

The other personnel costs were € 0.8 million (2021: € 0.6 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.

(€ thousand)	2022	2021
Audit fees	404	382
Audit-related fees	–	–
Other non-audit-related fees	2	2
	406	384

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 € 0.3 million (2021: € 0.3 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 2022:

	2022
Reporting on compliance with bank covenants	2
	2

Other expenses

Other expenses include publicity costs and IT costs.

9. Abortive purchase costs

The abortive purchase costs concern costs related to an intended transaction, which would have resulted in a delisting of Vastned Belgium. The discussions were ended due to rapidly changed market conditions.

10. Income tax

(€ thousand)

Current income tax expense	2022	2021
Current financial year	855	633
Movement in deferred tax assets and liabilities		
In respect of:		
Value movements in property	244	(997)
Movement in other temporary differences	(143)	(262)
Movement in offsettable losses	274	131
	375	(1,128)
Total	1,230	(495)

The geographic distribution of the income tax is as follows:

	2022			2021		
	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	615	182	797	583	(631)	(48)
France	32	–	32	(94)	–	(94)
Belgium	4	82	86	5	(9)	(4)
Spain	204	111	314	139	(488)	(349)
	855	375	1,230	633	(1,128)	(495)

Reconciliation effective tax rate		2022		2021
Result before taxes		37,575		15,332
Income tax at Dutch tax rate	2.1%	797	0.0%	–
Effect of tax rates of subsidiaries operating in other jurisdictions	1.2%	433	(3.2%)	(489)
Changes in tax rates	0.0%	–	(0.0%)	(6)
Adjustment previous financial years	0.0%	–	0.0%	–
	3.3%	1,230	(3.2%)	(495)

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 that 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 25.80%.

Belgian GVV regime

In Belgium, virtually the entire property portfolio is held by the regulated property company ('GVV') named Vastned Belgium N.V. 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 of 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 (Sociétés d'Investissement Immobilier 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 of 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 25.00%.

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.

11. Result per share

	2022		2021	
	Basic	Diluted	Basic	Diluted
Result after taxes	31,345	31,345	14,405	14,405

Average number of ordinary shares in issue	2022		2021	
	Basic	Diluted	Basic	Diluted
Balance as at 1 January	17,151,976	17,151,976	17,151,976	17,151,976
Movements	–	–	–	–
Average number of ordinary shares in issue	17,151,976	17,151,976	17,151,976	17,151,976

Per share (€)	2022		2021	
	Basic	Diluted	Basic	Diluted
Result after taxes	1.83	1.83	0.84	0.84

12. Dividend

On 6 May 2022, the final dividend for the 2021 financial year was made payable. The dividend was € 1.20 per share in cash. The dividend distribution totalled € 20.5 million.

On 17 August 2022, the interim dividend for the 2022 financial year was made payable. The interim dividend was € 0.59 per share in cash (total: € 10.1 million).

Based on the 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 to declare a dividend for the 2022 financial year of € 1.85 per share and charge it to the freely distributable reserves. Taking the interim dividend of € 0.59 into account that has already been distributed in August 2022, a final dividend will be declared of € 1.26 per share. The final dividend will be made payable on 4 May 2023.

If the Annual General Meeting of 20 April 2023 approves the dividend proposal, the dividend will be made payable to shareholders on 4 May 2023. The dividend to be distributed has not been accounted for as a liability on the balance sheet.

13. Fair value

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

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

- **Level 1:**
  The fair value is determined based on published listings in an active market.

- **Level 2:**
  Valuation methods based on information observable in the market.

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

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

(€ thousand)		2022		2021	
Assets valued at fair value	Level	Book value	Fair value	Book value	Fair value
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,422,915	1,422,915	1,440,640	1,440,640
Financial derivatives	2	15,133	15,133	–	–
Liabilities valued at fair value					
Long-term liabilities					
Long-term interest-bearing loans	2	585,362	589,385	612,952	619,228
Lease liabilities	2	3,213	2,614	3,393	4,993
Financial derivatives	2	–	–	1,212	1,212

All assets and liabilities valued at fair value were valued as at 31 December 2022.

No assets or liabilities were reclassified with respect to levels in 2022 and 2021.

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 as at 31 December 2022.

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, given the short-term nature of these assets and liabilities and 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*.

14. 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 that include 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. This may have a positive or negative effect on the value of the property in operation, and consequently on the result.

Vastned's 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 estimation uncertainty and assign a correct value to Vastned's property, taking into account the current economic circumstances and its impact on the parameters that are relevant for the market value determination as at 31 December 2022.

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

Valuation of property

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

(€ thousand)	Netherlands	France	Belgium	Spain	Total
2022					
Appraisal value as at 31 December	610,464	407,045	320,752	82,145	1,420,406
Lease incentives still to be granted as at the balance sheet date (x thousand)	877	145	380	170	1,572
Market rent per sqm (€)	305	829	224	1,098	341
Theoretical annual rent per sqm (€)	337	770	252	1,142	362
Vacancy rate at end of reporting year	1.7%	2.1%	0.6%	0.0%	1.4%
Weighted average lease term in years (until first break)	2.7	2.4	1.8	3.8	2.5
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**4.2**	**3.5**	**5.5**	**3.8**	**4.3**
2021					
Appraisal value as at 31 December	622,575	410,115	323,195	82,115	1,438,000
Lease incentives still to be granted as at the balance sheet date (x thousand)	645	470	1,227	83	2,425
Market rent per sqm (€)	310	817	222	1,066	339
Theoretical annual rent per sqm (€)	322	761	243	1,098	350
Vacancy rate at end of reporting year	2.8%	2.8%	0.7%	0.0%	2.1%
Weighted average lease term in years (until first break)	2.8	1.3	1.8	3.3	2.6
The appraisal values established on the basis of these principles and assumptions produce the following net yields (all-in basis):	**4.1**	**3.4**	**5.2**	**3.6**	**4.1**

The market rental value is the estimated amount for which a particular space can be let at a certain point in time by well-informed and independent parties that are prepared to enter into a transaction, with 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 2022, 94.2% of the property in operation was appraised by independently certified appraisers (31 December 2021: 94.6%). The independently certified appraisers who appraised the property in 2021 and 2022 were CBRE and Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris.

Impact of climate-related matters

Climate-related matters in the broadest sense (including governmental action plans, policies and accompanying regulations) affect Vastned as an organisation. Management assessed the impact of these matters on the valuation of the property portfolio and concluded this impact to be limited. No judgment is linked to this in the valuation based on the following reasons:

- Retail units are mainly let as shells, which means that the tenant is often responsible for measures regarding energy and consumption;
- Sustainability measures by the owner are generally taken when the store is empty, whereby large-scale maintenance can be carried out at a logical moment. No specific large-scale (re)sustainability measures are currently planned that impacted the valuation as such;
- In the event of unfavourable market conditions, investors are (more) hesitant and unwilling to pay more for a more sustainable retail property. We do see that environmental, social and governance (ESG) consideration and the Paris Proof commitments are increasingly on the agenda of institutional parties but, currently, most high street properties are purchased by private investors where sustainability often has less impact on their investment behaviour;
- The risk on flooding and/or fires is covered by insurance; and
- There is (currently) no ‘obligation’ to ensure at least a ‘C’ label, as is the case with offices, which means that no corrections are included in retail in order to make a label jump.

Increase in Dutch transfer tax

As of 1 January 2023, the Dutch general transfer tax rate increased from 8% to 10.4%. Given the value date of 31 December 2022, the old rates have been 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 2022, and so the rate change was already subsumed in the pricing (references after September 2022). This methodology is in line with the valuation standards of the International Valuation Standards Council (IVSC).

Sensitivity analysis and stress test

Significant changes in the relevant parameters for the valuation of Vastned’s property investments result in a significantly lower or higher market value, with an inherent impact on solvency and the loan-to-value rate (LTV). Below, a number of sensitivity analyses are listed along with the impact on the valuation based on significant changes to the parameters of 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 a decrease in the value of the property in operation by € 80.3 million or 5.7% (31 December 2021: € 84.4 million or 5.9%) and a 259-basis-point increase in the loan-to-value ratio (31 December 2021: 268 basis points) and a decrease of the solvency ratio of 261 basis points. At 50 basis points, this would be € 151.8 million or 10.7%, and 518 and 520 basis points, respectively.

A 5% decrease in the appraisal values used in the market rents would result in a decrease in the value of the property portfolio by € 71.0 million or 5.0%, a rise of the loan-to-value ratio of 228 basis points and a decrease of the solvency ratio of 229 basis points. At 10%, this would be € 142.0 million or 10.0% and 481 and 483 basis points, respectively.

At year-end 2022, the solvency ratio was 55.4% (31 December 2021: 55.1%) and the LTV 43.4% (31 December 2021: 43.0%). The solvency ratio agreed with the lenders is 45%.
A 101-basis-point increase in the net yields used in the appraisal values would result in a decrease in the value of the property in operation by € 276.1 million or 19.4%. In this event, the loan-to-value would rise by 1,044 basis points from 43.4 to 53.8, and the solvency ratio would fall by 1,046 basis points, from 55.4% to 45.0%. A rise of the net yields used in the appraisal values by more than 101 basis points would therefore result in an ‘event of default’ with respect to the solvency covenant.

Property in operation

(€ thousand)	2022	2021
Balance as at 1 January	1,433,143	1,466,250
Acquisitions	1,947	–
Investments	2,669	3,022
Transferred to Assets held for sale	–	(3,485)
Divestments	(1,645)	(6,603)
	1,436,114	1,459,184
Value movements	(19,290)	(26,040)
Balance as at 31 December	**1,416,824**	**1,433,144**
Accrued assets in respect of lease incentives	3,580	4,857
Appraisal value as at 31 December	**1,420,406**	**1,438,001**
Ground lease	2,509	2,639
Total property	**1,422,915**	**1,440,640**

In July 2022 the property Zuidplein Hoog 827 in Rotterdam was acquired (€ 1.9 million); no acquisitions were made in 2021.

The capital expenditure in 2022 involved improvements to a number of properties in the relevant countries.

The divestments in 2022 concerned five properties in the Netherlands (€ 1.6 million, 2021: € 2.9 million), no divestments were made in Belgium (2021: 3.7 million), no divestments were made in France (2021: 0.1 million) and no divestments were made in Spain (2021: nil).

A positive sales result of € 0.7 million was realised on these divestments compared with the most recent book value (2021: € 0.8 million positive). See also *6 Net result on divestments of property* for the total sales result including the return realised on the assets held for sale.

In the Netherlands, the value movements in 2022 were € 14.0 million negative (2021: € 17.8 million negative). In France, the value movements came to € 3.0 million negative (2021: € 2.8 million positive). In Belgium, the value of the property portfolio were € 2.4 million negative (2021: € 10.3 million negative). The value of the property portfolio in Spain came to € 0.1 million positive (2021: € 1.3 million negative).

(€ thousand)

Accrued assets in respect of lease incentives	2022	2021
Balance as at 1 January	4,857	5,597
Lease incentives granted	2,588	3,346
Charged to the profit and loss account	(3,865)	(4,096)
Transferred from Assets held for sale	–	10
Balance as at 31 December	**3,580**	**4,857**

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 *Property portfolio* overview included in this annual report.

15. Assets held for sale

(€ thousand)	2022	2021
Balance as at 1 January	–	7,410
Transferred from Property in operation	–	3,485
Transferred to Property in operation	–	–
Transferred from Accrued assets in respect of lease incentives	–	–
Divestments	–	(10,895)
	–	–
Value movements	–	–
Balance as at 31 December	**–**	**–**

As at 31 December 2022, no assets were being held for sale (31 December 2021: none).

16. Debtors and other receivables

(€ thousand)	31 December 2022	31 December 2021
Debtors and pre-invoiced amounts	11,675	10,831
Provision for expected credit losses	(1,937)	(1,899)
	9,738	8,932
Indirect taxes	890	434
Prepayments	627	616
Other receivables	1,475	1,104
	12,730	11,087

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:

(€ thousand)	31 December 2022		
	Gross amounts	Provision for expected credit losses	Net amounts
Overdue accounts receivable not COVID-19-related	3,228	(1,601)	1,627
Overdue accounts receivable related to COVID-19	552	(336)	216
Accounts receivable for which the debtor has been granted a deferment due to COVID-19	215	–	215
Accounts receivable regarding pre-invoiced rent	7,654	–	7,654
Other receivables	26	–	26
	11,675	(1,937)	9,738

	31 December 2021		
	Gross amounts	Provision for expected credit losses	Net amounts
Overdue accounts receivable not COVID-19-related	1,345	(947)	398
Overdue accounts receivable related to COVID-19	1,855	(822)	1,033
Accounts receivable for which the debtor has been granted a deferment due to COVID-19	462	(130)	332
Accounts receivable regarding pre-invoiced rent	7,152	–	7,152
Other receivables	17	–	17
	10,831	(1,899)	8,932

The contracts state that rents due must be paid by tenants before or on the first day of the rental period. In the context of the COVID-19 pandemic, it has been agreed with a number of tenants that, due to the unusual circumstances, rent may be paid in a series of instalments (monthly instead of quarterly) or at a later date. Tenants may also avail themselves of a combination of these two options. During 2022, the concessions previously made in response to COVID-19 were reversed as much as possible, such as rent being paid quarterly instead of monthly. 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, and 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 current and expected circumstances on the balance sheet date. The dotation of provision for expected credit losses in 2022 was € 0.2 million (2021: € 0.4 million release).

For further explanation on the debtors and pre-invoiced amounts and the provision for expected credit losses, reference is made to *23 Financial instruments*.

The other receivables include items with a term in excess of one year of a total amount of € 1.5 million (2021: € 1.1 million). The increase of the other receivables is mainly caused by higher prepaid amounts related to capex.

17. 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.

18. Shareholders' equity

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

Vastned Retail shareholders' equity was € 41.74 per share as at 31 December 2022 (31 December 2021: € 41.57 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 Annual General Meeting. 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 2021	17,151,976	1,884,670	19,036,646
Movements	–	–	–
Balance as at 31 December 2021	**17,151,976**	**1,884,670**	**19,036,646**
Movements	–	–	–
Balance as at 31 December 2022	**17,151,976**	**1,884,670**	**19,036,646**

19. Deferred tax assets and liabilities

(€ thousand)	1 January 2022 Liabilities	Movement in profit and loss account	Transferred to short-term liabilities	Reclassification	31 December 2022 Liabilities
Valuation differences in property	9,230	245	–	-	9,475
Offsetable losses	(648)	274	–	–	(374)
Other temporary differences	492	(144)	–	–	348
	9,074	375	–	–	9,449

	1 January 2021 Liabilities	Movement in profit and loss account	Transferred to short-term liabilities	Reclassification	31 December 2021 Liabilities
Valuation differences in property	10,705	(988)	–	(486)	9,230
Offsetable losses	(774)	126	–	–	(648)
Other temporary differences	757	(265)	–	–	492
	10,688	(1,128)	–	(486)	9,074

The deferred tax assets and liabilities as at 31 December 2022 concern the Netherlands, Spain and Belgium.

The offsetable losses relate to Spain. The offsetable losses in Spain may 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 was another € 8.6 million (2021: € 8.9 million) in unused tax losses in France (€ 6.8 million, 2021: € 7.3 million) and Belgium (€ 1.8 million, 2021: € 1.6 million). Given the expectation that, based on the present structure, these unused tax losses cannot be offset against taxable profits in the near future, no deferred tax asset has been recognised.

The tax losses can be carried forward in time indefinitely.

20. Provisions in respect of employee benefits

Until 31 December 2019, Vastned had 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 December 2022	31 December 2021
Discount rate	4.20%	1.40%
Expected rate of salary increases (age-dependent)	n/a	n/a
Future pension increases	0.00% - 2.00%	0.00% - 1.80%
Inflation (annual)	2.00%	1.80%

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

(€ thousand)	Present value of defined benefit pension obligations		Fair value of plan assets		Net obligation in respect of employee benefits	
	2022	2021	2022	2021	2022	2021
Balance as at 1 January	28,934	30,699	22,939	24,347	5,993	6,352
Reported in the profit and loss account						
Service cost	–	–	–	–	–	–
Past service cost	–	–	–	–	–	–
Interest	401	335	318	266	83	69
Administrative costs	–	–	(25)	(19)	25	19
Total reported in the profit and loss account	**401**	**335**	**293**	**247**	**108**	**88**
Reported in other comprehensive income						
Effect of adjustment to demographic assumptions	294	–	–	–	294	–
Effect of adjustment to discount rate	(11,129)	(1,824)	–	–	(11,129)	(1,826)
Effect of experience adjustment	593	281	–	–	593	281
Effect of changes in financial assumptions	–	–	(8,069)	(1,308)	8,069	1,308
Total reported in other comprehensive income	**(10,242)**	**(1,543)**	**(8,069)**	**(1,308)**	**(2,173)**	**(237)**
Contributions and benefits paid						
Contribution paid by employer	–	–	360	210	(360)	(210)
Contribution paid by employees	–	–	–	–	–	–
Benefits paid	(571)	(556)	(571)	(556)	–	–
Total contributions and benefits	**(571)**	**(556)**	**(212)**	**(346)**	**(360)**	**(210)**
Balance as at 31 December	**18,522**	**28,934**	**14,952**	**22,939**	**3,568**	**5,993**
Long-term personnel benefits					76	59
Total					**3,644**	**6,052**

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

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

	2022	2021
Service cost	–	–
Past service cost	–	–
Net interest	83	69
Administrative costs	25	19
	108	**88**
Defined contribution pension plans	389	407
	497	**495**

In 2023, Vastned expects to contribute a total of € 0.3 million to the defined benefit pension plans, and a total of € 0.4 million to the defined contribution pension plans.

Sensitivity analysis

The table below contains the sensitivity analysis for the effect of a 25-basis-point change and a 50-basis-point change in the discount rate:

	Minus 25 basis points	Discount rate used	Plus 25 basis points
	3.95%	4.20%	4.45%
Present value of defined benefit pension obligations	19,277	18,522	17,805

	Minus 50 basis points	Discount rate used	Plus 50 basis points
	3.70%	4.20%	4.70%
Present value of defined benefit pension obligations	20,081	18,522	17,131

21. Interest-bearing debts

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

	2022				2021			
	Remaining term				Remaining term			
(€ thousand)	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Long-term interest-bearing debts								
Unsecured loans:								
• fixed interest [1]	429,916	–	429,916	1.80	444,754	–	444,754	1.99
• floating interest	155,446	–	155,446	2.95	168,198	–	168,198	1.39
	585,362	–	585,362	2.11	612,952	–	612,952	1.83
Lease liabilities	637	2,576	3,213	2.39	827	2,566	3,393	2.33
Total long-term interest-bearing debts	**585,999**	**2,576**	**588,575**		**613,779**	**2,566**	**616,345**	
Short-term interest-bearing debts								
Payable to banks	–	–	3,344	2.77	–	–	3,320	1.25
Redemption of long-term interest-bearing loans	–	–	24,937	3.02	–	–	–	–
Short-term lease liabilities	–	–	278	1.37	–	–	263	1.37
Total short-term interest-bearing debts	–	–	**28,559**		–	–	**3,583**	
Total interest-bearing debts	**585,999**	**2,576**	**617,134**		**613,779**	**2,566**	**619,928**	

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

In 2022, Vastned redeemed an amount of € 2.8 million from its existing credit facilities. The total interest-bearing debts decreased mainly due to changes in working capital.
In September 2022, Vastned extended the duration of its syndicated loan facility by one year to 12 September 2025 for a facility amount of € 200.0 million.
The part of the long-term interest-bearing loans due within one year is € 24.9 million (31 December 2021: nil) which is recognised under short-term liabilities.
For the floating interest rate loans, Vastned pays interest consisting of the Euribor-based market interest rate 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 regarding the control of the company and/or its subsidiaries. Vastned has fulfilled these conditions as at 31 December 2022. Please see *23 Financial instruments* for more details on the conditions set by the lenders.
As at 31 December 2022, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 693.8 million (31 December 2021: € 693.7 million).
The unused credit facility of the long-term interest-bearing loans was € 83.5 million as at 31 December 2022 (31 December 2021: € 80.7 million).

The average term of the long-term interest-bearing loans in 2022 was 2.2 years (31 December 2021: 2.9 years). The average interest rate of the long-term interest-bearing loans was 1.91% (2021: 1.88%).

For further details on the lease liabilities, reference is made to *25 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 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 lender's request within one year. Vastned pays interest consisting of the market interest rate plus an agreed margin, on the understanding that the Euribor market interest rate may not be negative.
The average interest rate in 2022 was 1.83% (2021: 1.54%).
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 2022 was € 44.6 million (31 December 2021: € 44.6 million).
The unused credit facility of the 'payable to banks' item was € 41.3 million as at 31 December 2022 (31 December 2021: € 41.3 million).

Movements in interest-bearing debts were as follows:

(€ thousand)	1 January 2022	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 2022
Long-term interest-bearing loans	612,952	–	(3,160)	507	(24,937)	585,362
Long-term lease liabilities	3,393	38	(220)	17	(15)	3,213
Payable to banks	3,320	24	–	–	–	3,344
Redemption of long-term interest-bearing loans	–	–	–	–	24,937	24,937
Short-term lease liabilities	263	–	–	–	15	278
	619,928	62	(3,380)	524	–	617,134

	1 January 2021	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 2021
Long-term interest-bearing loans	624,793	–	(12,332)	491	–	612,952
Long-term lease liabilities	3,384	–	(292)	17	284	3,393
Payable to banks	8,547	–	(5,227)	–	–	3,320
Redemption of long-term interest-bearing loans	–	–	–	–	–	–
Short-term lease liabilities	272	–	–	–	(9)	263
	636,996	–	(17,851)	508	275	619,928

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

22. Other liabilities and accruals

(€ thousand)	2022	2021
Accounts payable	880	809
Investment creditors	50	34
Dividend	25	25
Indirect taxes	3,468	2,840
Prepaid rent	11,143	11,136
Service charges	396	287
Interest	2,398	2,037
Operating expenses	887	877
Other liabilities and accruals	3,108	3,386
	22,355	21,431

23. Financial instruments

A Financial risk management

For the realisation of its targets and the exercise of its day-to-day activities, Vastned has defined a number of financial conditions to mitigate credit risk, financing and refinancing 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 minimal, given that 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 Vastned's 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 each 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 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 confirms 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:

			2022			2021
(€ thousand)	Gross amounts	Provision for expected credit losses	Net amounts	Gross amounts	Provision for expected credit losses	Net amounts
Not yet due	8,627	–	8,627	8,222	–	8,222
Overdue by less than 30 days	353	12	341	300	69	231
Overdue by between 31 and 90 days	56	4	52	118	4	114
Overdue by between 91 days and one year	800	547	253	428	440	(13)
Overdue by more than one year	1,839	1,374	465	1,764	1,386	378
	11,675	1,937	9,738	10,831	1,899	8,932

Movements in the provision for doubtful debtors were as follows:

(€ thousand)	2022	2021
Balance as at 1 January	1,899	2,530
Allocation to the provision	158	(420)
Write-off for doubtful debtors	(120)	(210)
Balance as at 31 December	1,937	1,899

Receivables are recognised after the deduction of a provision for expected credit losses.

Since the tenant base consists of a large number of 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 this event, it will be more difficult to secure loan capital or to realise refinancing, or these options will only be available with less favourable conditions. To limit this risk, Vastned pursues a conservative financing structure that allows for the implementation of its strategy. The internal long-term target for the loan-to-value ratio remains a maximum of 40%. Mainly driven by the negative revaluation of the property portfolio, this ratio was 43.4% at year-end 2022 (year-end 2021: 43.0%). In addition, the company's financing sources are broad; one method, for instance, involves placing long-term bond loans with institutional investors (for example, private placements). Using private placements, the duration of the long-term loan portfolio has been extended and better spreading of the company's financing among different lenders has been achieved. In line with these targets, solvency ratios and interest coverage ratios have been agreed with regard to virtually all credit agreements with lenders. In the event that the limits of the solvency rates and interest coverage rates agreed with lenders are not met, this constitutes an 'event of default', in which case lenders are entitled to terminate credit agreements.

In addition, Vastned aims to secure access to capital markets through transparent information provision, regular contact 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 three years.

At year-end 2022, the weighted average duration of the long-term interest-bearing loans was 2.2 years (31 December 2021: 2.9 years).

At year-end 2022, the solvency ratio, calculated by taking equity plus the provision for deferred tax liabilities divided by the balance sheet total, was 55.4% (31 December 2021: 55.1%), which is within the solvency ratios of at least 45% as agreed with lenders.

The interest coverage ratio for 2022 was 5.0 (2021: 4.8) (calculated by taking net rental income and dividing it by net financing costs (excluding value movements in financial derivatives)), which was significantly above the 2.0 ratio agreed with lenders. The 2.0 minimum interest coverage ratio agreed with lenders is still reached when the net rental income falls by 59%.

In the coming two years, the company will actively refinance most of its debts, of which significant maturities are due in September 2024 and September 2025. Financing market risks include (re-)financing risk and interest rate risk. (Re-)financing risk relates to the risk that not enough equity or (long-term) loan capital can be attracted or only with unfavourable conditions. Considering the rapidly changing financing market and the required refinancing of Vastned's portfolio in 2024 and 2025, the probability of this risk increases.

Liquidity risk

Vastned must generate sufficient cash flows to meet its day-to-day payment obligations. On the one hand, this is realised by taking measures aimed at maintaining high occupancy rates with proper rent levels 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 2022, Vastned had € 44.6 million (31 December 2021: € 44.6 million) in short-term credit facilities available, of which it had drawn down € 3.3 million (31 December 2021: € 3.3 million). The unused credit facility of Vastned's long-term interest-bearing loans was € 83.5 million as at 31 December 2022 (31 December 2021: € 80.7 million). As such, the total unused credit facility as at 31 December 2022 was € 124.8 million (31 December 2021: € 122.0 million).

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

					31 December 2022
(€ thousand)	Balance sheet value	Contractual cash flows	Less than 1 year	1–5 years	More than 5 years
Long-term interest-bearing loans	585,362	625,028	17,172	607,856	–
Long-term lease liabilities	3,213	7,166	–	636	6,530
Payable to banks [2]	3,344	3,354	3,354	–	–
Redemption of long-term interest-bearing loans [2]	24,937	25,772	25,772	–	–
Short-term lease liabilities	278	278	278	–	–
Other liabilities and accruals	22,355	22,355	22,355	–	–
	639,489	683,953	68,930	608,492	6,530
Financial derivatives > 1 year (assets)	(14,979)	(10,308)	(4,233)	(6,229)	–
Financial derivatives < 1 year (assets)	(154)	(154)	(154)	–	–
	(15,133)	(10,462)	(4,387)	(6,229)	–
	624,356	673,491	64,543	602,263	6,530

					31 December 2021
	Balance sheet value	Contractual cash flows	Less than 1 year	1–5 years	More than 5 years
Long-term interest-bearing loans	612,952	643,434	9,839	633,596	–
Long-term lease liabilities	3,393	8,438	–	827	7,611
Financial derivatives (long-term liabilities)	1,185	4,030	1,316	2,714	–
Payable to banks [2]	3,320	3,324	3,324	–	–
Redemption of long-term interest-bearing loans [2]	–	–	–	–	–
Short-term lease liabilities	263	263	263	–	–
Other liabilities and accruals	21,431	21,431	–	–	–
	642,544	680,919	14,741	637,136	7,611

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 2022 and 1 January 2021 respectively.

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 developments regarding interest rates. Furthermore, the aim is to have a balanced spread of interest rate review dates within the long-term loan capital portfolio and a typical minimum interest rate term of three 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 2022, the interest rate risk on loans with a nominal value of € 220.0 million (31 December 2021: € 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 2021: 0.1235% negative to 1.094% positive) (excluding margins) and expiry dates ranging from 31 July 2023 to 12 September 2025 (31 December 2021: 31 July 2023 to 12 September 2025).

No new derivatives were concluded in 2022. The market value of the interest rate swaps was € 15.1 million positive at year-end 2022 due to the increased market interest (31 December 2021: € 1.2 million negative). This positive 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 loan expiry dates.

Taking the above-mentioned interest rate swaps into account, of the total long-term interest-bearing loans of € 585.3 million (31 December 2021: € 613.0 million), € 429.9 million (31 December 2021: € 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 months Euribor rate. The differences between the floating rate and the agreed fixed interest rate are settled at the same time.

In the context of the IBOR transition, Vastned had contact with its lenders during the financial year. The transition will have no impact on Vastned's financial statements during the coming twelve months. Vastned is aware of the fact that this transition will have an impact on its entire loan and derivatives portfolio in the future when they are renegotiated. Vastned is closely monitoring these developments and will continue to maintain contact with its lenders over the coming financial year to be able to respond adequately to the transition in the future.

As at 31 December 2022, the average term of Vastned's long-term interest-bearing loans calculated in fixed interest periods was 2.3 years (31 December 2021: 3.3).

Interest rate sensitivity

Significant changes to interest rates result in lower or higher interest expenses. 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. Below, a number of sensitivity analyses are set out along with the (net) impact on the interest expenses based on significant changes to interest rates.

As at 31 December 2022, the impact on the interest expense of a 100-basis-point increase in interest rates – all other factors remaining equal – would be € 1.7 million negative (31 December 2021: € 0.1 million positive). 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 € 3.4 million negative (31 December 2021: € 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 positive impact on the interest expense.

Currency risk

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

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

			2022			2021
(€ thousand)	Contract review	Interest review	Average interest rate [1]	Contract review	Interest review	Average interest rate [1]
2023	–	–	–	24,873	15,000	1.85
2024	297,198	180,060	1.95	488,274	180,094	1.95
2025	238,208	199,900	1.41	49,864	199,864	1.84
2026	49,956	49,956	2.78	49,941	49,941	2.78
Total long-term interest-bearing loans with a fixed interest rate	**585,362**	**429,916**	**1.80**	**612,952**	**444,899**	**1.99**
Long-term interest-bearing loans with a floating interest rate	–	155,446	2.95	–	168,053	1.39
Total long-term interest-bearing loans	**585,362**	**585,362**	**2.11**	**612,952**	**612,952**	**1.83**

1) Including interest rate swaps and credit spreads in effect at year-end 2022 and 2021.

C Overview of fair value of interest rate derivatives

(€ thousand)	2022 Receivable	2022 Liability	2021 Receivable	2021 Liability
Interest rate swaps	15,134	-	27	1,212

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

	2022 Fair value interest rate derivatives	2022 Carrying amount loans	2021 Fair value interest rate derivatives	2021 Carrying amount loans
Interest rate swaps < 1 year	154	15,000	–	–
Interest rate swaps 1-2 years	2,045	55,000	(214)	15,000
Interest rate swaps 2-5 years	12,935	150,000	(971)	205,000
Interest rate swaps > 5 years	–	–	–	–
	15,134	220,000	(1,185)	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.

24. Rights and obligations not recorded in the balance sheet

In the past, Vastned has acquired companies that owned property. These acquisitions were recognised as a takeover of assets. The provisions for deferred tax liabilities not recorded within the balance sheet total € 13.1 million as at 31 December 2022 (31 December 2021: € 14.1 million).

In 2017, Vastned transferred all shares in the company Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş., the owner of a property portfolio located in Istanbul, Turkey, to a group of local private investors. The guarantees customary in such transactions were provided to the buyer. The customary guarantees expired in April 2018 without the buyer having invoked them. The tax indemnifications would expire upon the expiry of the statutory periods for additional assessments for the particular year. The longest-running term still outstanding concerns the 2017 calendar year, which expired on 31 December 2022. Vastned did not receive any claim under these tax indemnifications.

25. Leases

The Group as a 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:

(€ thousand)	31 December 2022
Within one year	66,185
One to two years	48,214
Two to three years	31,436
Three to four years	14,870
Four to five years	8,644
More than five years	14,094
Total	**183,443**

	31 December 2021
Within one year	62,267
One to two years	41,507
Two to three years	25,208
Three to four years	12,877
Four to five years	7,316
More than five years	8,523
Total	**157,698**

The annual lease payments agreed on on 31 December 2022 have been adjusted to account for any rent waivers on the balance sheet date. The future lease payments have increased compared to the projections made at the end of 2021. This was partially due to rent indexation and lease renewals and new tenants for high-value properties.

In the Netherlands, leases are usually set for a period of five years, with the tenant having one or more options to extend the lease for a further 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, within which 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 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 2022 were € 23 thousand (2021: € 490 thousand) and were mainly related to the indexation of the office rent in Belgium.

Depreciation on the rights-of-use assets was € 167 thousand (2021: € 210 thousand), which was recognised in the general expenses.

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

Leases with a term of 12 months or less, totalled less than € 16 thousand (2021: € 5 thousand). There were no leases with variable lease payments that are not dependent on an index or a share price.

In 2022, there was 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:

	2022				2021			
(€ thousand)	Ground rents	Rent	Cars	Total	Ground rents	Rent	Cars	Total
Within one year	118	151	8	277	109	145	8	263
One to five years	252	372	13	637	348	457	22	827
More than five years [1)]	6,530	–	–	6,530	6,521	–	–	6,521
	6,900	523	21	7,444	6,979	602	30	7,611

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

26. Events after balance sheet date

No events have taken place after the balance sheet date that affect the consolidated financial statements.

27. Related party transactions

The following parties are designated as related parties: controlling shareholders, subsidiaries, Supervisory Board members and the sole member of the Executive Board.

To the best of the company's knowledge, no property-related transactions were carried out during the year under review involving persons or institutions that could be regarded as related parties. All other related party transactions are within the normal course of business and are at arms length.

Interests of major investors

At year-end 2022, the Netherlands Authority for the Financial Markets (AFM) had received the following reports from shareholders with an interest in the company's share capital exceeding three per cent:

Van Herk Investments B.V.	24.98
Lebaras Belgium BVBA	5.10
BlackRock, Inc.	4.88
Tikehau Capital Advisors SAS	3.05
ICAMAP Real Estate Securities Fund S.A.	3.01

Subsidiaries

For an overview of subsidiaries and participations, please refer to *28 Subsidiaries* and the chapter *Corporate Governance* in the Report of the Executive Board.

Transactions, as well as internal balances and income and expenditure between the company and its subsidiaries, are eliminated in the consolidation and not disclosed in the notes.

Supervisory Board members and the sole member of the Executive Board

At the AGM of 14 April 2022, Mr Blokhuis was reappointed for a second term of three years. Ms Theyse was appointed for a period of four years. Mr Buschman was appointed for a period of two years. Following these three appointments, Mr van Gelder stepped down as a member of the Supervisory Board of Vastned and handed over the chairmanship of the Supervisory Board to Mr Blokhuis.
Mr Walta has been the sole member of the Executive Board (CEO) since 15 April 2021.

During the 2022 financial year, none of the members of the Supervisory Board and Executive Board had a personal interest in the investments of the company.

Remuneration and shareholding of the Supervisory Board

	Remuneration 2022	Shares owned year-end 2022	Remuneration 2021	Shares owned year-end 2021
Jaap Blokhuis [1)]	51	1,000	48	1,000
Désirée Theyse (as of 14 April 2022)	32	–	–	–
Ber Buschman (as of 14 April 2022)	31	–	–	–
Marc van Gelder (until 14 April 2022)	16		54	8,000
Charlotte Insinger (until 15 April 2021)			13	
	130	1,000	115	9,000

1) Jaap Blokhuis waived his remuneration for being chair of the R&N committee up until 14 april 2022.

Remuneration and shareholding of the Executive Board

						2022
	Fixed remuneration	LTI & STI 2020-2022 payable in 2023	Pension insurance contributions	Social insurance contributions	Total	Share ownership year-end 2022
R. Walta	390	203	73	14	680	7,375

						2021
	Fixed remuneration	LTI & STI 2019-2021 payable in 2022	Pension insurance contributions	Social insurance contributions	Total	Share ownership ye r-end 2021
R. Walta	384	237	71	13	705	5,075

A bonus of € 203 thousand will be paid to Mr Walta in 2023 based on his realisation of the targets for the Short-Term Incentive 2022 and Long-Term Incentive for the period 2020-2022.

Mr Walta has acquired Vastned shares at his own expense. Vastned has not provided any guarantees related to these shares.

No option rights have been granted to the statutory director or the supervisory directors, nor have any loans or advances been provided or guaranteed on their behalf.

The members of the Supervisory Board and the Executive Board have been designated as managers in key positions. For more details relating to remuneration, reference is made to the *Remuneration Report 2022* chapter in this annual report.

28. Subsidiaries

The subsidiaries of Vastned Retail N.V. are:

	Country of esablishment	Interest and voting right in %	
		2022	2021
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 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
Vastned Retail Spain S.L.	Spain	100	100
- Vastned Retail Spain 2 S.L.	Spain	100	100

Scope of consolidation

During 2022, no changes were made in the consolidation scope.

The non-controlling interest recognised in the balance sheet as at 31 December 2022 was the share of the non-controlling shareholders of the Belgium-based subsidiary, Vastned Belgium N.V., and its subsidiary, EuroInvest Retail Properties N.V.
The summarised financial data of the subsidiary as at 31 December 2022 are as follows:

	2022		2021	
	100%	Non-controlling interests	100%	Non-controlling interests
Balance sheet				
Property	312,590	107,873	314,543	108,547
Other assets	5,621	1,940	3,222	1,112
	318,210	**109,813**	**317,765**	**109,659**
Equity	(232,032)	(80,073)	(228,714)	(78,928)
Long-term liabilities	(66,341)	(22,894)	(84,372)	(29,116)
Short-term liabilities	(19,837)	(6,846)	(4,679)	(1,615)
	(318,210)	**(109,813)**	**(317,765)**	**(109,659)**
Profit and loss account				
Net rental income	16,717	5,769	16,487	5,689
Value movements in property	(1,941)	(670)	(10,102)	(3,486)
Net result on divestments of property	–	–	362	125
Net financing costs	1,827	630	(768)	(265)
General expenses	(2,026)	(699)	(1,867)	(644)
Income tax	(86)	(30)	8	3
Comprehensive income	**14,491**	**5,000**	**4,120**	**1,422**
Cash flow statement				
Cash flow from operating activities	13,193	4,553	14,160	4,887
Cash flow from investing activities	(50)	(17)	6,067	2,094
Cash flow from financing activities	(13,194)	(4,553)	(20,441)	(7,054)
Total cash flow	**(51)**	**(17)**	**(214)**	**(73)**

A sum of € 3.9 million in dividends was made payable to non-controlling shareholders of Vastned Retail Belgium N.V. in 2022 (2021: € 3.6 million).

29. Approval of the consolidated financial statements

The consolidated financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 8 March 2023.

Company balance sheet as at 31 December

(before profit appropriation) (€ thousand)

Assets	Note	2022	2021
Property in operation	3	4,580	4,680
Participations in group companies	4	1,172,058	1,155,251
Intangible fixed assets		89	–
Financial derivatives	8	12,934	27
Total fixed assets		**1,189,661**	**1,159,958**
Receivables from group companies	5	155,235	162,694
Debtors and other receivables		341	240
Cash		228	42
Total current assets		**155,804**	**162,976**
Total assets		**1,345,465**	**1,322,934**

Equity and liabilities	Note	2022	2021
Paid-up and called-up capital	6	95,183	95,183
Share premium reserve	6	468,555	468,555
Revaluation reserve	6	389,639	399,283
Statutory reserve intangible fixed assets	6	286	325
Other reserves	6	(269,129)	(264,679)
Result attributable to Vastned Retail shareholders	6	31,345	14,405
Equity Vastned Retail shareholders		**715,879**	**713,072**
Long-term interest-bearing loans	7	519,951	530,827
Financial derivatives	8	–	9
Guarantee deposits		61	59
Total long-term liabilities		**520,012**	**530,895**
Payable to banks	7	3,872	4,485
Redemption long-term loans	7	9,937	–
Payable to group companies	9	92,483	71,848
Other liabilities and accruals		3,282	2,634
Total short-term liabilities		**109,574**	**78,967**
Total equity and liabilities		**1,345,465**	**1,322,934**

Company profit and loss account

(€ thousand)

Net turnover result	Note	2022	2021
Net rental income	10	245	217
General management expenses	10	(2,513)	(2,069)
Abortive purchase costs	10	(438)	–
Net turnover result		**(2,706)**	**(1,852)**
Other income from participations in group companies	10	1,593	1,481
Value movements in property in operation	10	(100)	(400)
Total other operating income		**1,493**	**1,081**
Other interest income and similar income	10	3,648	4,085
Interest charges and similar expenses	10	(10,288)	(10,134)
Value movements in financial derivatives	10	12,916	2,756
Total interest income and expenditure		**6,276**	**(3,293)**
Result before taxes		**5,063**	**(4,064)**
Current income tax expense		–	(5)
Share in result from participations in group companies	4	26,282	18,474
Result after taxes		**31,345**	**14,405**

Notes to the company financial statements

1. General information

The company financial statements are part of the 2022 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 applies to the receivables from Group companies. Due to the fact that participations in Group companies are considered 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 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

	2022	2021
Balance as at 1 January	4,680	5,080
Value movements	(100)	(400)
Balance as at 31 December (appraisal value)	**4,580**	**4,680**

4. Participations in Group companies

	2022	2021
Balance as at 1 January	1,155,251	1,144,437
Share in result	26,282	18,474
Direct changes in equity	2,163	237
Payments received	(11,638)	(7,897)
Balance as at 31 December	**1,172,058**	**1,155,251**

As at 31 December 2022, Vastned held 3,325,960 Vastned Belgium shares (31 December 2021: 3,325,960 shares). The net asset value per share as at 31 December 2022 was € 45.69 (31 December 2021: € 45.04 per share). The stock price of Vastned Belgium shares was € 29.70 per share as at 31 December 2022 (31 December 2021: € 28.20 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

	2022	2021
Balance as at 1 January	162,694	175,507
Provided to group companies	–	1,435
Repaid by group companies	(7,459)	(14,248)
Balance as at 31 December	**155,235**	**162,694**

The receivables from Group companies consist of € 114.0 million (31 December 2021: € 115.3 million) in loans provided with interest rates ranging from 3.00% to 3.730% (31 December 2021: 2.984% to 3.730%) and expiring between 2023 and 2026 inclusive (31 December 2021: 2022 to 2026 inclusive), and € 41.2 million (31 December 2021: € 47.4 million) in current account relationships at a floating interest rate and without a fixed repayment date. Due to the largely short-term character of these receivables and the conditions that apply, these are presented as short-term receivables.

6. Shareholders' equity

	Capital paid up and called	Share premium reserve	Revaluation reserve	Statutory reserve intangible fixed assets	Other reserves	Results attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders
Balance as at 1 January 2021	95,183	468,555	407,503	435	(193,141)	(41,340)	737,195
Result	–	–	–	–	–	14,405	14,405
Remeasurement of defined benefit pension obligation	–	–	–	–	237	–	237
Final dividend previous financial year in cash	–	–	–	–	–	(29,674)	(29,674)
Interim dividend 2020 in cash	–	–	–	–	(9,091)	–	(9,091)
Contribution from profit appropriation	–	–	–	–	(71,014)	71,014	–
Allocation to revaluation reserve	–	–	(8,220)	–	8,220	–	–
Addition to statutory reserve intangible fixed assets	–	–	–	(110)	110	–	–
Balance as at 31 December 2021	**95,183**	**468,555**	**399,283**	**325**	**(264,679)**	**14,405**	**713,072**
Result	–	–	–	–	–	31,345	31,345
Remeasurement of defined benefit pension obligation	–	–	–	–	2,163	–	2,163
Final dividend for previous financial year in cash	–	–	–	–	–	(20,582)	(20,582)
Interim dividend 2022 in cash	–	–	–	–	(10,119)	–	(10,119)
Contribution from profit appropriation	–	–	–	–	(6,177)	6,177	–
Allocation to revaluation reserve	–	–	(9,644)	–	9,644	–	–
Release of statutory reserve intangible fixed assets	–	–	–	(39)	39	–	–
Balance as at 31 December 2022	**95,183**	**468,555**	**389,639**	**286**	**(269,129)**	**31,345**	**715,879**

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 *18 Shareholders' equity* in the consolidated financial statements.

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

	2022				2021			
	Remaining years				Remaining years			
	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]	364,916	–	364,916	1.80%	364,899	–	364,899	2.03%
• Floating interest	155,035	–	155,035	2.95%	165,928	–	165,928	1.39%
	519,951	–	519,951	2.14%	530,827	–	530,827	1.83%

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 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 2022.

The portion of the long-term interest-bearing loans due within one year is € 9.9 million (31 December 2021: nil), which is recognised under short-term liabilities.

As at 31 December 2022, the average term of long-term interest-bearing loans was 2.3 years (31 December 2021: 2.9 years).

The 'Payable to banks', which concerns short-term credits and cash loans, is € 3.9 million (31 December 2021: € 4.5 million).

The company has a facility to allow 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 that the earned interest arising from this of € 0.1 million (2021: € 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 Belgium N.V. For the movements in interest-bearing debts in 2022 as well as the interest rates, reference is made to *20 Interest-bearing debts* in the consolidated financial statements.

8. Financial derivatives

	2022		2021	
	Receivable	Liability	Receivable	Liability
Interest rate swaps	12,934		27	9

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

	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	12,934	150,000	(2,738)	150,000
Interest rate swaps > 5 years	–	–	–	–
	12,934	150,000	(2,738)	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, € 1.6 million concerns asset and property management fees charged to Group companies (2021: € 1.5 million) and other general expenses of € 0.9 million (2021: € 0.6 million), which mainly consist of consultancy and audit costs, publicity costs and costs related to the stock exchange listing.
The abortive purchase costs of € 0.4 million concern costs related to an intended transaction, which would have resulted in a delisting of Vastned Belgium. The discussions were ended due to rapidly changed market conditions.
Other operating income includes other income from participations in Group companies of € 1.6 million (2021: € 1.5 million), which consists of fees charged to Group companies. This also includes value movements in property of € 0.1 million negative (2021: € 0.4 million negative).
The other interest income and similar income of € 3.6 million (2021: € 4.1 million) mostly relates to financing provided to Group companies.

In comparison with the 2021 co-only profit and loss statement the line item 'Value movements in financial derivatives' has been added to the 2022 profit and loss statement in order to show the split of the various components of the presented line item 'Interest charges and similar expenses'. For comparison purposes, the comparative figures have been adjusted accordingly. This is purely a presentation matter and has no impact on the result and/or equity.

The other interest expenses and similar expenses of € 10.3 million (2021: € 10.1 million) consist of the interest paid on long-term interest-bearing loans and amounts payable to banks.

The value movements in financial derivatives of € 12.9 million positive relates to movements in the fair value of interest rate derivatives as a result of the changed market rent (2021: € 2.7 million positive).

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	31,345
To be added/charged to the reserves	3,832
Available for dividend distribution	**35,177**
Distributed earlier as interim dividend	(10,119)
Available for final dividend distribution	**25,058**

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 € 1.26 per share be distributed in cash for the 2022 financial year. This final dividend distribution will total € 21.6 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 8 March 2023.

Other information

Profit distribution

In accordance with the company's Articles of Association, the profit is placed at the disposal of the Annual 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 following the end of the year under review.

Independent auditor's report

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

Report on the audit of the financial statements 2022 included in the annual report

Our opinion
We have audited the financial statements for the financial year ended 31 December 2022 of Vastned Retail N.V. based in Amsterdam.
The financial statements comprise the consolidated and company financial statements.

In our opinion:
- the accompanying consolidated financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2022 and of its result and its cash flows for 2022 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 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:
- the consolidated balance sheet as at 31 December 2022
- the following statements for 2022: 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 2022
- the company profit and loss account for 2022
- 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.

Information in support of our opinion
We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business
Vastned Retail N.V. is a European listed property company. Vastned invests in selected cities in Europe with a focus on the best real estate in the popular shopping areas of selected European cities with a historic city center. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud 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.

Materiality

Materiality	€ 10.8 million (2021: € 7.2 million)
Benchmark applied	0.75% (2021: 0.5%) of the total assets
Explanation	We consider total assets the best benchmark for materiality taking into account the nature and size of business operations. Based upon professional judgement we set threshold levels for financial statement accounts with impact on direct result equal at € 1.6 million which is equal to 6.5% of the direct result (2021: € 1.2 million and 5% of direct result). The increase in materiality is mainly related to the lower uncertainty due to Covid-19.

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 € 110,000 for accounts which impact the direct result and in excess of € 540,000 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.

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 had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities; in addition to Vastned Netherlands, these concern the group entities in the group entities in the countries of France and Belgium ("Full scope"). We have:

- Performed audit procedures ourselves at group entities in the Netherlands ("Full scope") and Spain ("Specific scope")
- Used the work of other EY auditors when auditing entities in France and Belgium

By performing the procedures mentioned above at components of the group, 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 on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the real estate industry. We included specialists in the areas of valuation of real estate, tax, IT, forensics and actuaries.

Our focus on climate risks and the energy transition

Climate objectives will be high on the public agenda in the next decades. Issues such as transitioning to a low-carbon economy impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ("stranded assets") and provisions or the sustainability of the business model and access to financial markets of companies with a larger carbon footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks are taken into account in estimates and significant assumptions applied by Vastned Retail N.V., especially for the compliance with the green finance framework. Furthermore, we read the report of the Executive board and considered whether there is any material inconsistency between the non-financial information in the "property, plant, profit and people" chapters and the financial statements.

Based on the audit procedures performed, we agree with assessment made by the Executive Board and disclosed in note 2.2 in the financial statements and deem climate-related risks not to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2022.

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 we 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. 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.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.
We refer to the section "risk management" of the report of the Executive Board for management's fraud risk assessment and section "risk management" of the supervisory board report in which the supervisory board reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 14 to the financial statements

We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. We have special focus on the management override of control risk for acquisitions and disposals of investments properties.

We did not identify a risk of fraud in revenue recognition.

Risk of incorrect recognition of disposals of investment properties	
Fraud risk and our audit approach	In 2022 Vastned Retail N.V. acquired and sold multiple properties. Accurate and complete recognition of these transactions is an important area of emphasis in our audit. We pay specific attention to fraud risks in acquiring and selling properties, such as ABC transactions and kickback fees. The description of the risk management and controls in place to mitigate this risk is included in paragraph risk and control framework of the report of the Executive Board.

Our audit approach	• We have tested the design of internal controls relating to sales and acquisitions of property investments, including proper authorization of transactions and background checks of buyers and sellers. • We performed procedures on the acquisition and sales transactions of property investments. We have reconciled the recognized transactions to relevant supporting documentation and determined accurate and complete recognition of transaction results in the fiscal year. • We verified that the property sold isn't sold immediately to a third party with a significant higher transaction value. • 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 evaluated whether the disclosures are in accordance with the requirements of IFRS-EU relevant to the recognition of the sale and acquisition of property.

We considered available information and made enquiries of relevant directors, internal audit, the legal compliance officer, internal audit and legal compliance officer and the supervisory board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, 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 board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or 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.

Our audit response related to going concern

As disclosed in section 'Going concern' in Note 2.2 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism.

We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant 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.

Based on our procedures performed, we did not identify material uncertainties about going concern. 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.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter "The impact of the Covid-19 pandemic" which was included in our last year's auditor's report, is not considered a key audit matter for this year as the Covid-19 pandemic is no longer materially impacting the financial statements of Vastned Retail N.V. in 2022. This view has been confirmed by the supervisory board.

Valuation of property, note 14

Risk	The investment property of Vastned Retail N.V. amounts to 98% of the consolidated balance sheet total as per 31 December 2022. The investment property is measured 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 considered the valuation of investment property as a key audit matter in our audit.	Our audit approach	• We tested the design of internal controls relating to the valuation of property, including internal assessment of reports from appraisers. • We assessed the competence and independence of external appraisers. • We determined the correctness of source data as used in calculating the valuation. • We involved our real estate valuation specialists in the review and testing of models, parameters, assumptions and estimations as used in the valuation. We audited a sample of the properties by developing our own estimate range. • We paid specific attention to significant valuation results, as determined by external appraiser. • We evaluated whether the disclosures are in accordance with the requirements of the applicable financial reporting framework relevant to the valuation of property and whether significant judgments by management are disclosed and particularly whether disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes.

Key observations

We concur with the assumptions used by the management, the valuation of property and the disclosures as included in the financial statements are in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Recognition of sale and acquisition of property, note 14

Risk	In 2022 Vastned Retail N.V. acquired and divested multiple properties. Accurate and complete recognition of these transactions is a key audit matter in our audit. We pay specific attention to fraud risks in acquiring and selling properties, such as ABC transactions and kickback fees, we also refer to "our audit response related to fraud risks".	Our audit approach	• We have tested the design of internal controls relating to sales and acquisitions of property investments, including proper authorization of transactions and background checks of buyers and sellers. • We performed procedures on the acquisition and sales transactions of property investments. We have reconciled the recognized transactions to relevant supporting documentation and determined accurate and complete recognition of transaction results in the fiscal year. • We verified that the property sold isn't sold immediately to a third party with a significant higher transaction value. • 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 evaluated whether the disclosures are in accordance with the requirements of IFRS-EU relevant to the recognition of the sale and acquisition of property.

Key observations

We concur with the assumptions used by management regarding the recognition of sale and acquisition of property and we determined the accurateness and completeness of the disclosures as included in the financial statements in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code.

Our audit did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon. The other information includes:

- Introduction
- Report of the executive board
- Report of the supervisory board
- Remuneration report 2022
- EPRA Performance Indicators
- 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 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code for the remuneration report.

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 report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement
We were engaged by the shareholders 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.

European Single Electronic Reporting Format (ESEF)
Vastned Retail N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Vastned Retail N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension Taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding 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 framework 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 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
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
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- 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

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, 8 March 2023

Ernst & Young Accountants LLP
Signed by J.H.A. de Jong

EPRA 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-reports/

EPRA performance indicators

(€ thousand)

EPRA performance indicator [1]	Page	2022	2021	per share (€) 2022	per share (€) 2021
EPRA Earnings	197	35,177	33,058	2.05	1.93
EPRA NRV	198	802,537	818,719	46.79	47.73
EPRA NTA	198	710,599	722,681	41.43	42.13
EPRA NDV	198	712,483	705,074	41.54	41.11
EPRA Net Initial Yield (NIY)	199	4.2%	3.9%		
EPRA 'topped-up' NIY	199	4.3%	4.1%		
EPRA Vacancy Rate	200	1.5%	2.2%		
EPRA Cost Ratio (including direct vacancy costs)	201	20.9%	20.4%		
EPRA Cost Ratio (excluding direct vacancy costs)	201	20.6%	19.9%		
Capital expenditure	201	4,616	3,026		
EPRA LTV [2]	202	45.6%			

1) The EPRA performance indicators have been calculated based on definitions as published by EPRA and included in the list of definitions on page 229.

2) Reported as per book year 2022 after the introduction of this new financial KPI during 2022 by EPRA.

1. EPRA Earnings

	2022	2021
Result as stated in consolidated IFRS profit and loss account	36,345	15,827
Value movements in property	19,457	26,531
Net result on divestments of investment properties	(635)	(234)
Financial expenses	–	–
Value movements in financial derivatives	(16,319)	(3,584)
Movement in deferred tax assets and liabilities	231	(988)
Attributable to non–controlling interests	(4,621)	(4,494)
EPRA Earnings [A]	**34,458**	**33,058**
Abortive purchase costs	719	–
Company specific adjusted earnings	**35,177**	**33,058**
EPRA Earnings per share (EPS) ([A] divided by 17.151.976 shares)	**2.01**	**1.93**
Company specific adjustments		
Abortive purchase costs	0.04	–
Company specific adjusted earnings per share	**2.05**	**1.93**

2. EPRA Net Asset Value metrics

	31 December 2022			31 December 2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity Vastned Retail shareholders	715,879	715,879	715,879	713,072	713,072	713,072
Hybrid instruments	–	–	–	–	–	–
Diluted NAV	715,879	715,879	715,879	713,072	713,072	713,072
Diluted NAV at fair value	715,879	715,879	715,879	713,072	713,072	713,072
Deferred taxes in relation to fair value gains of property	9,380	9,380	–	9,164	9,164	–
Fair value of financial derivatives	(14,374)	(14,374)	–	770	770	–
Intangible fixed assets	–	(286)	–	–	(325)	–
Fair value of fixed-rate interest-bearing debts	–	–	(3,396)	–	–	(7,998)
Real-estate transfer tax	91,652	–	–	95,713	–	–
NAV	802,537	710,599	712,483	818,719	722,681	705,074
Fully diluted number of shares	17,151,976	17,151,976	17,151,976	17,151,976	17,151,976	17,151,976
NAV per share	46.79	41.43	41.54	47.73	42.13	41.11

	31 December 2022			31 December 2021		
	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	191,450	13	100	196,064	14	100

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

	Netherlands		France		Belgium		Spain		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Investment property addition:	610,465	622,575	407,045	410,115	320,752	323,194	82,143	82,115	1,420,405	1,438,000
Estimated transaction fees	54,936	58,554	29,326	29,183	8,019	8,268	2,138	2,561	94,420	98,566
Investment value of property (B)	**665,401**	**681,129**	**436,371**	**439,298**	**328,771**	**331,462**	**84,281**	**84,676**	**1,514,825**	**1,536,566**
Annualised gross rental income	32,271	31,032	15,628	14,480	18,616	17,200	3,330	2,945	69,846	65,658
Property outgoings	(4,438)	(4,260)	(659)	(539)	(1,411)	(1,320)	(195)	(199)	(6,704)	(6,318)
Annualised net rental income (A)	**27,834**	**26,772**	**14,969**	**13,941**	**17,205**	**15,880**	**2,746**	**2,746**	**63,142**	**59,340**
Effect of rent-free periods and other lease incentives	310	947	310	972	722	1,361	86	264	1,428	3,544
Topped-up annualised net rental income (C)	**28,144**	**27,719**	**15,279**	**14,913**	**17,927**	**17,241**	**3,221**	**3,010**	**64,570**	**62,884**
(i) EPRA Net Initial Yield (A/B)	4.2%	3.9%	3.4%	3.2%	5.2%	4.8%	3.7%	3.2%	4.2%	3.9%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.2%	4.1%	3.5%	3.4%	5.5%	5.2%	3.8%	3.6%	4.3%	4.1%

4. EPRA Vacancy Rate

31 December 2022	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	30,581	26,839	102,546	32,271	596	31,282	1.9%
France	14,782	13,605	21,340	15,628	352	17,700	2.0%
Belgium	17,921	16,439	76,823	18,616	108	17,175	0.6%
Spain	3,093	2,809	2,990	3,330	–	3,284	0.0%
Total property	**66,377**	**59,692**	**203,699**	**69,846**	**1,056**	**69,441**	**1.5%**

31 December 2021	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	28,745	24,893	103,639	31,032	921	32,154	2.9%
France	13,482	12,862	21,340	14,480	454	17,435	2.6%
Belgium	17,232	16,228	76,823	17,200	135	17,071	0.8%
Spain	2,757	2,640	2,990	2,945	–	3,188	0.0%
Total property	**62,216**	**56,623**	**204,792**	**65,658**	**1,510**	**69,848**	**2.2%**

As at year–end 2022, the EPRA vacancy rate was 1.5%, 0.7% lower compared to 2021. The lower vacancy was mainly attributable to lower (financial) vacancy in the Netherlands and Belgium.

5. EPRA Cost Ratios

	2022	2021
General expenses	6,889	6,707
Operating expenses	7,033	5,942
Net service charge expenses	61	142
EPRA costs (including vacancy costs) (A)	**13,983**	**12,791**
Vacancy costs	(236)	(302)
EPRA costs (excluding vacancy costs) (A)	**13,747**	**12,489**
Gross rental income [1]	**66,786**	**62,706**
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	20.9%	20.4%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	20.6%	19.9%

1) Including other income of € 409 (2021: € 490).

In 2022, no operating expenses were capitalised (2021: 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

	2022	2021
Acquisitions [1]	1,947	–
Development	–	–
Like–for–like portfolio [2]	2,669	3,026
Other	–	–
Total [3]	**4,616**	**3,026**

1) This amount concerns the acquisition of 1 property in the Netherlands.
2) Concerns improvements to several assets already held in various countries. Of this total amount, EUR 45 thousand is related to Vastned Retail Belgium of which Vastned Retail owns appr. 65% of the shares (fully consolidated).
3) Vastned has no interests in joint ventures.

7. EPRA LTV

	LTV under IFRS as reported without EPRA adjustments	Adjustments to arrive at EPRA Group LTV	Group EPRA LTV before share of JV's, material associates and NCI adjustment	Non-Controlling Interests (NCI)	EPRA LTV
Equity	795,951	–	795,951	(80,072)	715,879
Net debt Include:					
Borrowings from Financial Institutions	613,643	–	613,643	(27,750)	585,893
Net payables	–	14,223	14,223	(725)	13,498
Owner-occupied property (debt)	523	–	523	(53)	470
Other lease liabilities*	2,946	(2,946)	–	–	–
Exclude:					
Cash and cash equivalents	–	(723)	(723)	56	(667)
Net debt (a)	**617,112**	**10,554**	**627,666**	**(28,472)**	**599,194**
Investment property portfolio and other eligible assets					
Owner-occupied property	–	531	531	(68)	463
Investment properties at fair value	1,420,406	–	1,420,406	(107,837)	1,312,569
Ground lease*	2,509	(2,509)	–	–	–
Intangibles	–	318	318	(32)	286
Total property portfolio and other eligible assets (b)	**1,422,915**	**(1,660)**	**1,421,255**	**(107,937)**	**1,313,318**
Group LTV (a/b)	**43.4%**		**44.2%**		**45.6%**

* Line added to EPRA template table in order to present Vastned's LTV under IFRS calculation (factually the calculation as agreed with the lenders)

Sustainability reporting

Introduction

Vastned reports on its environmental, social and governance (ESG) impact in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR).

This report 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 all properties in its portfolio over which Vastned has operational control as landlord. This excludes the majority of the 268 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).

Landlord-obtained utility consumption

All data used for the 2022 is the actual usage data of units Vastned has control over. In 2021 Vastned reported data in which an estimation was done for some units. Of all units we have full control over, we collected real usage data from this year, the data of last year was also in the report, therefor a good comparison can be made.Third-party assurance

Third-party assurance

No third-party assurance has been conducted.

Boundaries – reporting on landlord and tenant consumption

The consumption reported includes only energy that Vastned purchases as a landlord. All landlord-obtained utility consumption relates to consumption that Vastned purchases and/or controls as the landlord, including common areas and shared services. Where units and spaces become vacant, the associated energy consumption falls under Vastned's operational control. However, since these vacant unit use little to no energy, they could not be used for comparison and are also not included in the energy intensity calculation. Consumption by the tenant is only taken into account when Vastned has purchased the energy and reinvoiced this to the tenant.

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. For this report 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'*).

Analysis – segmental analysis (by property type, geography)

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 a meaningful analysis (see table *'EPRA portfolio'*).

Disclosure on own offices

The offices that Vastned uses for its own business are reported separately to its portfolio. Please see *'EPRA own offices'*. In 2021, Vastned Netherlands relocated to a new office building that accommodates multiple companies and shares a central heating system. As a result, it is not feasible to determine the amount of gas consumption per individual office. Making an approximation over 2022 would not provide significant value, since some of the office floors are still under contruction. Vastned intends to explore methods for reporting on energy consumption of the Dutch office in the forthcoming year.

Narrative on energy performance

Elec-LfL and Fuels-LfL: Vastned observes a decrease in the like-for-like consumption of electricity and natural gas in 2022. Vastned does not observe significant outliers regarding this decrease, but a steady decrease over the total portfolio. For this reason, the most likely explanation is that the reduction in energy consumption is the result of the increased energy prices in the Netherlands due to the current situation in Ukraine.

Elec-Abs and Fuels-Abs: Vastned also observes a decrease in the total consumption of electricity and natural gas in 2022. This decrease can be explained by the change of properties under Vastned's operational control that became vacant of became occupied during the last year. This change had an impact on the total figures since these properties have different energy consumption characteristics. A higher decrease in natural gas consumption compared to electricity consumption was also observed. Vastned believes this is due to higher gas prices in Europe, leading tenants to become more conscious of their natural gas consumption to prevent high service fees.

Energy-Int, Cert-Tot: Vastned observes an decrease in the energy intensity of its properties. This decrease can be also be explained by the risen energy prices in the Netherlands. Besides that, Vastned is currently renovating its object where possible. Vastned aims to improve the energy efficiency, living comfort and safety of the apartments by renovating them. A properties energy efficiency is measured using an energy performance certificate (EPC). Only projects where the EPC has risen to A are eligible to be allocated to green financing instruments. Vastned has included a new target in 2022 to increase its portfolio of eligible assets from 10% to 25% before the end of 2025. At the end of 2022 25% of our assets are eligible. However, a part of this is due to a new measuring method for energy labels in the Netherlands.

Sustainable renovation projects in 2022

Street:	City:	EPC before:	EPC after:	Delivery date:	Comments:
Herengracht 424-3	Amsterdam	G	A	Feb/22	Transformation office space into one appartment
Steenweg 1A, B en C (Choorstraat 13)	Utrecht	G	A (+1 /+2) and B (+3)	Q3-22	Split one appartment into three appartments
1e Jan van der Heijdenstraat 88A.1	Amsterdam	G	B	Aug/22	Renovation one appartment
1e Jan van der Heijdenstraat 88.1	Amsterdam	G	C	Mar/22	Renovation one appartment
Korte Brugstraat 2A en 2B	Breda	G	B (2A) and A (2B)	Oct/22	Split one appartment into two appartments
Herengracht 424-3	Amsterdam	G	A	Feb/22	Transformation office space into one appartment
Steenweg 1A, B en C (Choorstraat 13)	Utrecht	G	A (+1 /+2) and B (+3)	Q3-22	Split one appartment into three appartments

In 2022, Vastned also took several energy-saving measures to improve the efficiency of its commercial properties. These measures include placing insulation in the rental units, installing air curtains and LED lights and placing smart meters for better data collection of energy consumption.

GHG Dir, GHG-Indir and GHG-Int: the decrease in GHG-Dir (Scope 1) and GHG-Indir (Scope 2, location-based) is related to the respective decrease in absolute consumption of fuels and electricity described above. Vastned reduces its Scope 1 and 2 greenhouse gas emissions by reducing energy consumption under its operational control and by purchasing renewable energy. In 2022 and 2021, Vastned purchased 100% renewable wind electricity for the consumption of properties under its operational control.

In 2023, Vastned will continue to improve its portfolio through sustainable renovation projects. The following projects will be executed in the coming year:

Sustainable renovation projects in 2023

Street:	City:	EPC before:	EPC indication after:	Expected delivery date:	Comments:
Ferdinand Bolstraat 47.2	Amsterdam	G	A (+2) and B (+3) (expected)	Q2-23	Split one appartment into two appartments
Steenweg 9/Choorstraat 9	Utrecht	G	A (expected)	Q2-23	Transformation secondary space into five appartment (Steenweg) and renovation 3 depended into 3 independent appartements (Choorstraat). Total 8 appartments
Ferdinand Bolstraat 124.2	Amsterdam	G	A (expected)	Q3-23	Renovation one appartment

In 2023, an assessment will be made of Vastned's commercial units and how to optimise the energy efficiency of the total portfolio.

Narrative on gender pay

Vastned does not report diversity data on remuneration for 'other direct employees'. Since Vastned employed only 31.7 FTEs at year-end 2022, 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 based on position, seniority and years of service with Vastned.

Vastned has defined a Diversity and Inclusion 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 Executive Committee should consist of at least 30% women and at least 30% men.

→ 1) **https://vastned.com/wp-content/uploads/2022/10/2021.11.01-Diversity-Inclusion-Policy-Vastned-Retail-N.V.pdf**

Narrative on employee turnover

Vastned noted an decrease in Emp-Turnover in 2022 compared to 2021. There were four employees who left the organization, but these were adequately replaced. 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 73 and Organisation on page 51.

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 208 and 209, and *'EPRA own offices'* on pages 210 of this report. EPRA governance and social performance indicators can be found in the table *'EPRA social governance'* on pages 211 and 212 of this report.

Narrative on employee Health and Safety
Vastned considers promoting the health and well-being of its employees to be fundamental to a well-functioning organisation. For this reason, Vastned also places a strong emphasis on the health and well-being of its employees. The company offers half-price gym memberships and colleagues working at our head office can use the gym that is found in the same office building. Over the past year, Vastned has held individual conversations with our Dutch employees to discuss their well-being post-COVID. These discussions have resulted in valuable feedback and suggestions. As a result, new employment terms have been established to address these concerns, such as providing a weekly budget for team lunches and offering the option to lease a bicycle.
One of Vastned's core values is to promote an open and inclusive culture within its organisation. To ensure this, Vastned has a zero-tolerance policy for discriminatory behaviour and has appointed an internal and an external confidential counsellor for employees to turn to in case they encounter any unpleasant situations. The company has also developed a Diversity and Inclusion Policy that aims to promote gender equality and women's empowerment. This policy includes a goal for the Executive Board, Supervisory Board, and Executive Committee that at least 30% consist of the underrepresented gender.

Narrative on employee training
Vastned feels it is important to stimulate and engage its employees to realise the company's ambitions together and create long-term value. In 2022, 34 employees (100%) attended at least one course (mandatory cyber security training). This equalled 31.7 FTEs with 1,097 hours spent on training[2)]. This is an average of 34.6 hours per FTE and is divided between four departments: administrative (37%), finance and accounting (27%), portfolio management (28%) and legal (8%). This is a minor decrease compared to 2021 when a total of 1,111 hours was spent on training.

Reporting period
Vastned provides two years of performance data covering the 2022 and 2021 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

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

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.

Stakeholder dialogue

Page 73 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 17 and *Stakeholder dialogue* on page 73).

Sustainability performance measures

EPRA portfolio

Indicator	EPRA	Unit of measure	2022	2021	Coverage	Change
Total electricity consumption	Elec-Abs	kWh	459,795	501,451	118 in 2022, 115 in 2021	-8%
	(% from renewable sources)	%	100	100	–	–
Like-for-like electricity consumption	Elec-LfL	kWh	451,795	488,285	51 out of 51	-7%
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	508,530	680,191	50 in 2022, 41 in 2021	-25%
	(% from renewable sources)	%			–	–
Like-for-like consumption from fuel	Fuels-LFL	kWh	490,349	559,707	20 out of 20	-12%
Building energy intensity	Energy-Int	kWh/m²	47.3	52.6	51 out of 51	-10%
Direct GHG emission (total) Scope 1	GHG-Dir-Abs	tCO2e	90.3	103.1	20 out of 20	-12%
Indirect GHG emission (total) Scope 2 (location based)	GHG-Indir-Abs	tCO2e	209.7	226.7	51 out of 51	-7%
Building GHG emissions intensity	GHG-Int	tCO2e/m²	0.015	0.017	51 out of 51	-9%
Total water consumption	Water-Abs [2)]	m³	n/a	n/a	n/a	n/a
Like-for-like water consumption	Water-LfL [2)]	m³	n/a	n/a	n/a	n/a
Building water consumption intensity	Water-Int [2)]	m³/m²	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

Indicator	EPRA	Unit of measure	2022	2021	Coverage	Change
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	1	1	See below [4)]	1%
		number of certified assets				

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++	6,42%
A+	4,00%
A	18,38%
B	5,91%
C	13,52%
D	17,35%
E	7,57%
F	12,52%
G	13,99%
H	0,11%
I	0,24%

Portfolio GHG emission have been calculated using 2021 and 2022 conversion factors provided by the IEA (for electricity) and www.co2emissiefactoren.nl for fuels.

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

Coverage is the amount of units have been used to calculate the emission figures.

EPRA own offices

Consumption	EPRA indicator	Unit	Netherlands	Belgium	France	Spain	Total	Coverage
Electricity	Elec-Abs	kWh	6,648.0	14,302.0	101,171.0	2,500.0	124,621.0	4 out of 4
Heating - Gas	Gas-Abs	m^3	0.0	1,811.0	0.0	0.0	1,811.0	3 out of 4
Water	Water-Abs	m^3	52.0	58.0	51.0	1.0	162.0	4 out of 4
Paper	Waste-Abs [1]	Kg	210.0	508.0	344.0	21.0	1,083.0	4 out of 4
CO_2e	GHG-Dir	Tonnes (location-based) [2]	0.0	3.2	0.0	0.0	3.2	4 out of 4
CO_2e	GHG-Indir	Tonnes (location-based) [2]	2.2	4.8	34.1	0.8	42.0	4 out of 4
CO_2e	Water-Abs	Tonnes (location-based) [2]	0.02	0.02	0.02	0.00	0.05	4 out of 4
CO_2e	Waste-Abs [1]	Tonnes (location-based) [2]	0.1	0.2	0.1	0.0	0.4	4 out of 4
Air travel	n/a	Tonnes CO_2e	6.5	0.0	0.4	0.0	6.8	4 out of 4
Car travel	n/a	Tonnes CO_2e	18.5	9.5	0.0	0.7	28.6	4 out of 4
Public transport	n/a	Tonnes CO_2e	0.13	0.00	0.35	0.00	0.5	4 out of 4
Total	**n/a**	**Tonnes CO_2e**	**27.4**	**14.5**	**35.0**	**1.5**	**78.4**	**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, their environmental performance is reported separately. This data concerns Vastned's offices in Belgium, France, Spain and the Netherlands. Taking all EPRA indicators together, Vastned's CO_2e emissions total 78,4 tonnes CO_2e.

EPRA social governance

Indicator	EPRA	Type of assets	Unit of measure	2022	2021	Coverage
Gender diversity	Diversity-Emp	Corporate operations	% of employees	100% Male	100% Male	Supervisory Board
				100% Male	100% Male	Executive Board
				35% Male, 65% Female	38% Male, 62% 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	35	73	Direct employees
New hires this year	Emp-Turnover	Corporate operations	Total number	4	2	Direct employees
			Percentage	12%	6%	
Turnover			Total number	4	9	
			Percentage	12%	26%	
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)	1.0%	1.0%	
Sickness absence rate [4]			Hours sick as a percentage of planned hours (FTE)	1.0%	1.0%	
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	1	Supervisory Board and Executive Board
			Total number of Supervisory board members (independent)	3	2	
			Average tenure (years) of Supervisory Board [6]	1.7	4.5	
			Total number with competencies relating to environmental and social topics	0	0	

Indicator	EPRA	Type of assets	Unit of measure	2022	Coverage
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. Competencies 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
Certification investments	Gov-Col	Corporate operations	Description	Vastned considers it very important for the members of the Executive Board and the Supervisory Board to act independently, without any conflicting interests. It has adopted a number of regulations and codes to ensure this. During the 2022 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 Vastned's compliance with the Dutch corporate Governance Code, see the Corporate Governance chapter 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 on this performance measure.

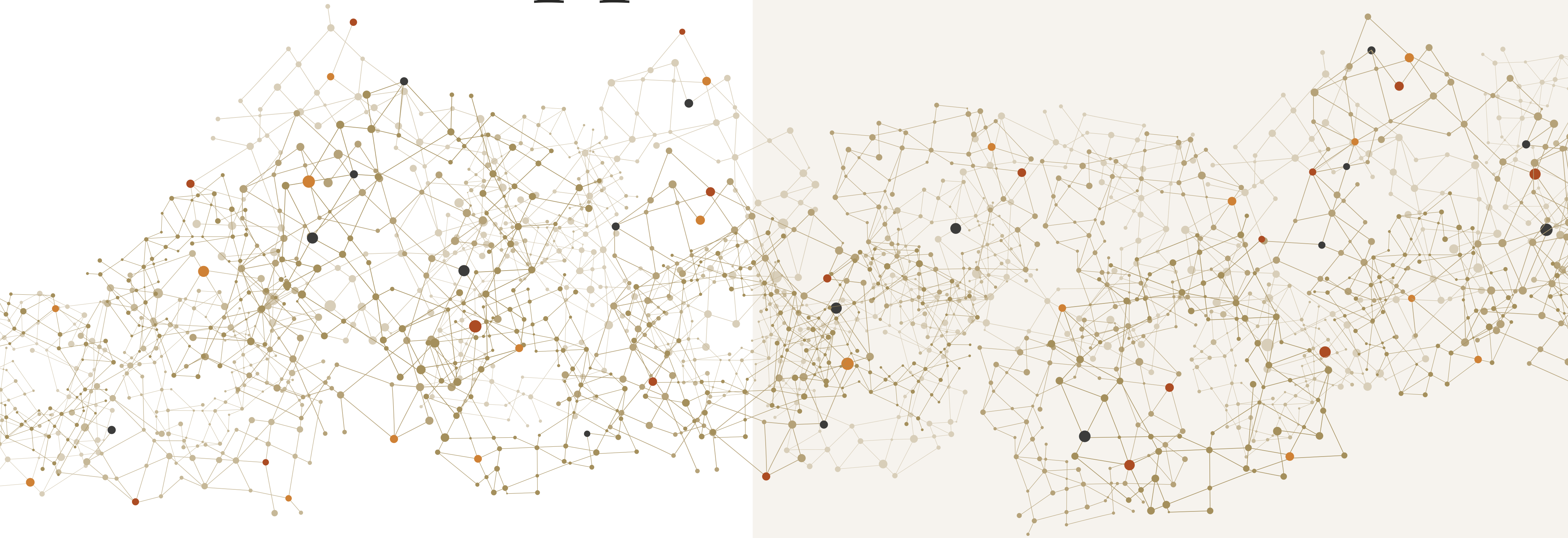
3) Given the limited number of staff employed by Vastned, the total number of injuries is reported rather than the injury rate.

4) The 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 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 may 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 commercial tenants	Number of residential units
Almelo	Grotestraat 32 / Hof van Gülick 51	1993	1920	210	1	1
	Grotestraat 36	1996	1920	430		
	Grotestraat 83-85	1994	1850	255	1	
	Grotestraat 97B / Koornmarkt 3-5 and 9-11	1993	1920	1,132	5	
Amersfoort	Langestraat 8 / Krankeledenstraat 1a	1990	1900	409	1	1
	Utrechtsestraat 13 / Hellestraat 3	2008	1900	97	1	1
Amsterdam	Ferdinand Bolstraat 47-49	2017	1885	316	1	5
	Ferdinand Bolstraat 65	1989	1883	113	1	3
	Ferdinand Bolstraat 79-81	1987	1905	160	1	6
	F. Bolstraat 85H/1e Jan Steenstraat 89H, F. Bolstraat 85-1, 85-3, 85-4, 1e Jan Steenstraat 89-3	2019	1884	617	1	4
	Ferdinand Bolstraat 88	1987	1883	85		3
	Ferdinand Bolstraat 92 / Govert Flinckstraat 118	1987	1882	81	1	6
	Ferdinand Bolstraat 95-97 / 1e Jan vd Heijdenstraat 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 vd Heijdenstraat 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	
	Heiligeweg 47	1989	1899	60	1	
	Kalverstraat 9	1990	1900	253	1	
	Kalverstraat 11-17 / Rokin 12-16	2015	2014	6,000	3	
	Kalverstraat 132 / Begijnensteeg 1	2014	1894	118	2	
	Kalverstraat 162-164	1988	1800	328	1	
	Kalverstraat 182	1987	1900	95	1	
	Kalverstraat 208	1991	1850	160	1	
	Keizersgracht 233	2019	1900	210	1	1
	Keizersgracht 504	2012	1686	200	1	1

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
	Leidsestraat 2 / Herengracht 424	2016	1900	431	1	4
	Leidsestraat 5	1990	1905	380	1	
	Leidsestraat 23	2013	1700	160	1	
	Leidsestraat 46	2012	1900	190	1	
	Leidsestraat 60-62 / Kerkstraat 39	2014	1750	82	1	4
	Leidsestraat 64-66 / Kerkstraat 44-3 and 44-4	1986	1912	790	3	
	Nes 67 / Sint Barberensteeg 4	2019	1923	1,233	1	
	P.C. Hooftstraat 35	2015	1904	225	1	
	P.C. Hooftstraat 37	2015	1897	112	1	
	P.C. Hooftstraat 46-50	2014	1885	684	2	3
	P.C. Hooftstraat 49-51	2013	1905	380	1	5
	P.C. Hooftstraat 78 and 78-I-II-III	2013	1905	465	2	
	Reguliersbreestraat 9 / Amstel 8	1987	1905	277	2	3
	Reguliersdwarsstraat 80-82-84	2018	1832	803	1	7
	Rembrandtplein 7	2007	1897	285	2	3
	Spuistraat 3E and 3F	2017	1900	189	1	
	Van Baerlestraat 86	1994	1800	90	1	2
	Van Baerlestraat 108-110	1990	1800	265	1	5
Apeldoorn	Deventerstraat 6	1990	1930	70	1	
	Deventerstraat 14 and 14A	1994	1900	295	2	
Arnhem	Bakkerstraat 3A and 4 / Wielakkerstraat 8	1990	1600	188	1	1
	Bakkerstraat 5 en 6 / Wielakkerstraat 10 and 10B	1994/2014	1950	971	3	
	Koningstraat 12-13A / Beekstraat 105-107 and 108	1988	1890	1,052	4	2
	Vijzelstraat 24	1994	1800	161	1	
Breda	Eindstraat 14	1988	1924	260	1	
	Ginnekenstraat 19	1993	1980	150	1	
	Grote Markt 29 / Korte Brugstraat 2	1991	1953	102	2	2
	Karrestraat 25, 25C and 25D	1994	1920	268	1	2
	Ridderstraat 19	1994	1800	225	1	
	Torenstraat 2	1992	1953	90	1	

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
	Veemarktstraat 30	1991	1920	555	1	
	Veemarktstraat 32 and 32A	1992	1800	70	1	1
Brunssum	Kerkstraat 45 / Schiffelerstraat 1	1997	1970	620	1	
Doetinchem	Dr. Huber Noodtstraat 2 / Plantsoenstraat 1A	1997	1968	1,840	6	
	Korte Heezenstraat 6 / Heezenpoort 13, 15 and 21	1994	1985	310	3	
Doorwerth	Shopping centre Doorwerth	1997	2007	3,395	12	
Eerbeek	Stuijvenburchstraat 44, 44A, 46A and 46B	1997	1965	350	2	2
Eindhoven	Shopping centre Eckart	1993	1973	3,102	5	
	Rechtestraat 25 / Jan van Hooffstraat 10-12-14	1992	1930	100	1	3
	Rechtestraat 44 and 48 / Achterom 44-46	1988	1966	3,273	2	
Emmeloord	Lange Nering 65 and 65A	1993	1960	275		1
Enschede	Kalanderstraat 6	1993	1950	124	1	
Goor	Grotestraat 61, 63 and 63A	1994	1910	859	1	1
Haaksbergen	Spoorstraat 45 and 45A	1997	1986	800		1
Haarlem	Grote Houtstraat 90	1988	1850	96	1	
Hardenberg	Fortuinstraat 21	1997	1985	300	1	
	Voorstraat 10	1997	1930	1,173	1	
Harderwijk	Markt 14	1991	1875	470	1	
Heerlen	Saroleastraat 38 and 38A	1994	1930	225	1	1
Hengelo	Wegtersweg 5-21	2006	2006	4,622	1	
's-Hertogenbosch	Hinthamerstraat 48	1988	1900	130	1	2
	Markt 27	2012	1648	225	1	
	Schapenmarkt 17-19	2014	1930	1,254	1	
Houten	Onderdoor 4 and 4a	2010	2010	2,105	2	
Joure	Midstraat 153-163 / Sinnebuorren 28	2006	1981	2,519	3	5
Leeuwarden	Wirdumerdijk 7 and 7a / Weaze 16	1994	1920	520	2	1
Maastricht	Grote Staat 59 / Leliestraat 4	2014	1742	240	1	2
	Muntstraat 16-18	1989	1897	135	1	
	Muntstraat 20	1987	1891	110	1	
	Muntstraat 21	2014	1920	311	1	

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
	Wolfstraat 8 / Minckelersstraat 1a	1992	1883	789	2	
	Wolfstraat 27-29 (+Havenstraat 18)	2013	1752	455	1	1
Nijmegen	Broerstraat 26 / Scheidemakershof 37	1993	1960	161	1	3
	Broerstraat 70	1989	1951	1,033	1	
	Plein 1944 nr. 2 / Hendrikhof 1 and 1A	1988	1957	164	1	6
Oss	Heschepad 47-51 / Molenstraat 21 and 25	1986	1983	2,803	4	
Roermond	Steenweg 1C / Schoenmakersstraat 2, 10-16A, 18	1986	1980	2,497	8	
Roosendaal	Nieuwe Markt 51	1994	1960	200	1	
Rotterdam	Shopping centre Keizerswaard	1996	1992	280	1	
	Shopping centre Zuidplein	94/95/10/22	1972	1,811	8	
The Hague	Korte Poten 10	1989	1916	56	1	
	Korte Poten 13 / Koediefstraat 3B and 3C	1990	1916	120	1	2
	Korte Poten 42	1987	1900	55	1	4
	Lange Poten 21, 21A and 21B	1989	1916	204	1	2
	Plaats 17 and 21	1990	1916	415	2	
	Plaats 25	1987	1920	517	1	
	Wagenstraat 3-5 / Weverplaats	2012	2012	3,176		
Tiel	Waterstraat 29 / Kerkstraat 2B	1994	1850	70		1
	Waterstraat 51	1994	1920	65	1	
Tilburg	Westermarkt2	93/94/08	61/62/63	7,614	12	
Uden	Marktstraat 30a and 32-34	1994	1958	420	1	1
Utrecht	Bakkerstraat 16	2013	1900	642	1	3
	Choorstraat 13 / Steenweg 1A	1987	1900	139	1	3
	Drieharingstraat 2, 4, 6, 8, 14, 16, 18, 22	2018	1900	3,047	9	
	Lange Elisabethstraat 6	1987	1850	113	1	
	Lange Elisabethstraat 36	1993	1850	188	1	
	Nachtegaalstraat 55, 55A and 55B	1994	1904	2,116	2	2
	Oudegracht 124-126	1990	1930	393	2	2
	Oudegracht 134-136 / Vinkenburgstraat 2, 8 & 12-14	1987	1900	2,482	10	5
	Oudegracht 153-159	1997/2013	1904	1,616	7	2

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
	Oudegracht 161 / Aan de Werf/Hekelsteeg 6-10A	1997	1900	1,963	2	10
	Steenweg 9 / Choorstraat 9-9bis	1990	1900	578	2	3
	Steenweg 22-28 / 2e Buurkerksteeg 3-7	2014	1800	288	4	3
	Steenweg 31-33 / Hekelsteeg 5 & 7	2013	1450	790		1
	Vismarkt 4	2017	1900	308	1	
	Vredenburg 1	2018	1900	264	1	
	Vredenburg 9, 9A, 9B / Zakkendragerssteeg 42-50	2016	1900	1,308	2	9
Venlo	Lomstraat 30-32	1993	1960	465	1	
	Lomstraat 33	1994	1970	50	1	
Venray	Grotestraat 2-4 / Grote Markt 2, 2A and 4	1986	1946	1,166		
Vriezenveen	Westeinde 21-29	1993	1938	2,611	9	
Winterswijk	Dingstraat 1-3	1998	1900	2,335	2	
	Misterstraat 8-10 / Torenstraat 5A and 5C	1996	1900	441	1	2
	Misterstraat 12 / Torenstraat 5A and 5B	1991	1939	135	1	1
	Misterstraat 14 and 14B	1991	1989	377	2	
	Misterstraat 33	1999	1900	550	1	
Zutphen	Beukerstraat 28	1989	1800	296	1	
	Beukerstraat 40	1989	1838	335	1	
Zwolle	Diezerstraat 62	1996	1910	95	1	
	Diezerstraat 74 and 74A / Gasthuisplein 21B	2012	1800	315	1	4
	Diezerstraat 78 / Rodehaanstraat 2	1990	1832	140	1	5
	Luttekestraat 26 / Ossenmarkt 1a	1990	1930	78	1	1
Total property in operation Netherlands				106,618	255	197

France

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
Bordeaux	Cours de l'Intendance 12	2011	1900	390	1	
	Cours de l'Intendance 47	2011	1900	262	1	
	Cours de l'Intendance 56	2013	1900	310	1	
	Cours de l'Intendance 58	2013	1900	115	1	
	Cours de l'Intendance 60	2013	1900	501	1	
	Cours de l'Intendance 61	2012	1900	697	2	2
	Cours de l'Intendance 62	2013	1900	660	1	
	Cours de l'Intendance 64-66	2013	1900	240	1	
	Cours Georges Clémenceau 12	2011	1900	360	1	2
	Rue de la Porte Dijeaux 73	2012	1950	138	1	
	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	
	Rue Sainte Catherine 39	2011	1900	328		4
	Rue Sainte Catherine 66	2012	1950	133	1	
	Rue Sainte Catherine 131	2012	1900	346	1	
Cannes	Rue d'Antibes 40	2000	1950	819	1	
Lille	Place de la Gare 8-10	2007	1945	156	1	
	Place des Patiniers 1 bis	2007	1900	112	1	
	Place des Patiniers 2-4	2007	1945	56	1	
	Place du Lion d'Or 9	2007	1870	152	1	
	Place Louise de Bettignies 15-23	2007	1870	352	1	
	Rue Basse 8	2007	1930	148	1	
	Rue de la Grande Chaussée 25	2007	1870	200	1	
	Rue de la Grande Chaussée 29	2007	1870	236	1	
		2007	1870	240		3
	Rue Grande Chaussée 33-35	2007	1870	429	1	
	Rue de la Monnaie 2	2007	1870	468		4
		2007	1870	240	1	
	Rue de la Monnaie 4	2007	1870	103	1	
	Rue de la Monnaie 6	2007	1870	123	1	
	Rue de la Monnaie 6 bis	2007	1870	82	1	

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
	Rue de la Monnaie 12	2007	1870	172	1	
	Rue de la Monnaie 13	2007	1870	85	1	
	Rue des Chats Bossus 13	2007	1870	454	1	
	Rue des Chats Bossus 21	2007	1870	168	1	
	Rue des Ponts de Comines 30	2007	1945	197	1	
	Rue des Ponts de Comines 32	2007	1945	267	1	
	Rue du Curé St Etienne 6-8	2007	1950	153	1	
	Rue du Curé St Etienne 17	2007	1870	172	1	
	Rue Faidherbe 28-30	2007	1945	102		
	Rue des Ponts de Comines 19	2007	1945	598	1	
	Rue Faidherbe 38-44	2007	1945	200	1	
	Rue Faidherbe 48	2007	1945	135	1	
	Rue Faidherbe 50	2007	2015	235	1	
	Rue Faidherbe 54	2007	2015	139	1	
Lyon	Rue Edouard Hériot 70	2014	1900	388	2	
	Rue Victor Hugo 5	2001	1950	90	1	
Nice	Avenue Jean Médecin 8Bis	2001	1950	362	1	
Paris	Rue d'Alésia 123	2006	1956	419		
	Rue des Archives 21	2016	1900	163	1	
	Rue de Rennes 146	2016	1900	195	1	
	Rue de Rivoli 102	2012	1900	1,349	4	
	Rue de Rivoli 118-120, Rue Pernelle 5, Rue du Plat d'Etain 9-11	1998	1997	3,478	6	9
	Rue des Francs Bourgeois 10	2018	1900	141	1	
	Rue des Francs Bourgeois 12	2018	1900	154	1	
	Rue des Francs Bourgeois 29	2017	1900	229	1	
	Rue des Rosiers 3Ter	2015	1900	383	1	
	Rue des Rosiers 19	2017	1900	58	1	
	Rue Vieille du Temple 26	2016	1900	213	1	
	Rue Montmartre 17	2006	2003	246	1	
Saint-Étienne	Rue Saint Jean 27	2001	1950	51	1	
Total property in operation France				21,340	69	40

Belgium

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
Aalst	Albrechtlaan 56	2000	>1980	1,000	1	
	Brusselsesteenweg 41	2007	>1980	770	1	
	Nieuwstraat 10	1998	<1950	145	1	
Aartselaar	Antwerpsesteenweg 13/4	2000	>1980	1,334	1	
Antwerp	Arme Duivelstraat 6	2015	<1950	132	1	
	De Keyserlei 47	2000	<1950	62	1	
	De Keyserlei 49	2000	<1950	102	1	
	Graanmarkt 13	2015	<1950	887	2	
	Groendalstraat 11	2000	<1950	39	1	
	Huidevettersstraat 12-14	1994	<1950	684	1	
	Korte Gasthuisstraat 17	2015	<1950	823	1	
	Korte Gasthuisstraat 27	2000	<1950	145	1	
	Leysstraat 17	2000	<1950	325	1	2
	Leysstraat 28-30 / Kipdorpvest 32-34	1997	<1950	1,641	2	5
	Meir 99	1996	<1950	583	1	
	Schuttershofstraat 22	2015	<1950	272	1	
	Schuttershofstraat 24	2000	<1950	190	1	
	Schuttershofstraat 30	2000	<1950	50	1	1
	Arme Duivelstraat 2	2000	<1950	54	1	
	Schuttershofstraat 55	2015	<1950	139	1	
	Steenhouwersvest 44-48	2017	1950-1980	910	3	4
Bruges	Steenstraat 38	2013	<1950	697	1	
	Steenstraat 80	1998	<1950	2,697	1	
Brussels	Elsenesteenweg 16	1996	<1950	1,222	2	
	Elsenesteenweg 41-43	1998	<1950	6,809	7	
	Louizalaan 7	2000	<1950	616	1	
	Nieuwstraat 98	2001	<1950	201	1	
Drogenbos	Verlengde Stallestraat 217	2007	>1980	530	1	
Genk	Hasseltweg 74	2002	>1980	2,331	3	

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
Ghent	Veldstraat 23-27	2014	<1950	2,050	1	
	Veldstraat 81	1998	<1950	675	1	
	Voldersstraat 15	1993	<1950	280	1	
	Zonnestraat 10	1998	<1950	519	1	2
	Zonnestraat 6-8	1998	<1950	3,484	1	
Huy	Rue Joseph Wauters 29	2007	>1980	1,000	2	
Jemappes	Avenue Wilson 510	2007	>1980	900	2	
Kampenhout	Mechelsesteenweg 38-42	1999	>1980	3,322	3	
Korbeek-Lo	Tiensesteenweg 378	2007	>1980	990	2	
Leuven	Bondgenotenlaan 69-73	2001	<1950	1,495	2	
Liège	Pont d'Ile 45	1998	<1950	55	1	
	Pont d'Ile 49	1998	<1950	375	1	
Malines	Bruul 39-41	2000	<1950	361	2	
	Bruul 40-42	2001	<1950	3,426	1	
	Borzestraat 5	2001	<1950	145	1	
Mouscron	Petite Rue 18	1998	<1950	235		
Mons	Grand Rue 19	2000	<1950	185	1	
Montignies-sur-Sambre	Rue de la Persévérance 14	2007	>1980	750	1	
Namur	Galerie Jardin d'Harscamp	2011	1950-1980	2,270	8	
Philippeville	Zoning des Quatre Bras	1999	>1980	3,689	6	
Tielt-Winge	Gouden Kruispunt (I&II)	1999-2002	>1980	18,096	22	
Turnhout	Gasthuisstraat 32	1996	>1950	505	1	
Wavre	Boulevard de l'Europe 41	2007	>1980	860	2	
	Rue du Commerce 26	1998	>1950	242	1	
	Rue Pont du Christ 46	1998	>1950	319	1	
Wilrijk	Boomsesteenweg 666-672	2000	>1980	5,205	4	
Total property in operation Belgium				**76,823**	**–**	**–**

Spain

City	Location	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of commercial tenants	Number of residential units
Leon	Avenida Ordoño II 18	2001	<1950	591	1	
Madrid	Calle de Fuencarral 23	2006	<1950	256	1	
	Calle de Fuencarral 25	2006	<1950	120	1	
	Calle de Fuencarral 27	2018	<1950	128	1	
	Calle de Fuencarral 37	2016	<1950	611	1	
	Calle José Ortega y Gasset 15	2016	<1950	396	1	
	Calle Serrano 36	1999	<1950	615	1	
Málaga	Plaza de la Constitución 9	2010	<1950	273	1	
Total property in operation Spain				**2,990**	**8**	**–**
Total property				**203,699**	**442**	**255**

Shareholder information

ISIN code NL0000288918
Reuters VASN.AS
Bloomberg VASTN.NA

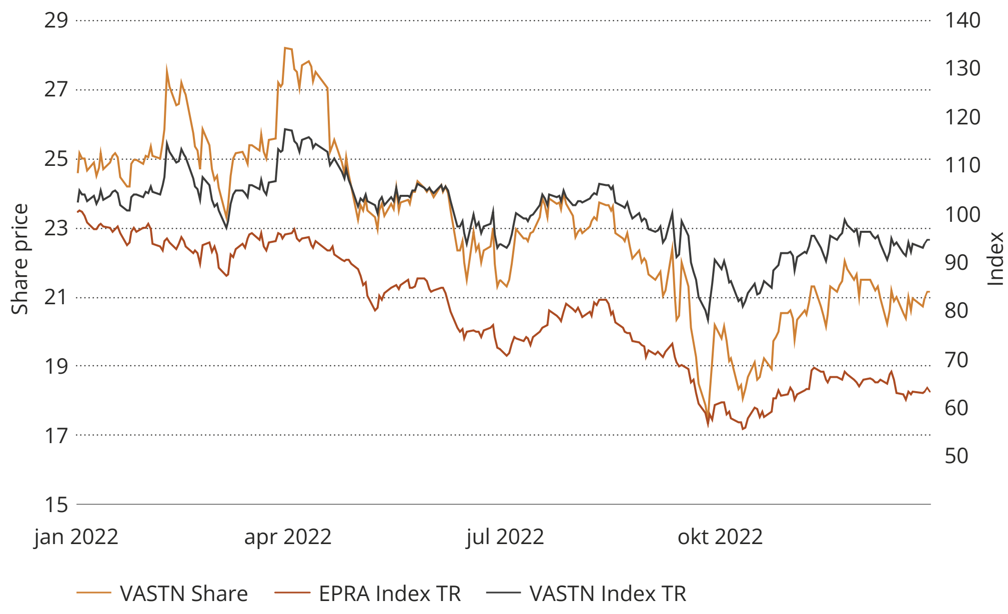
Shares in Vastned Retail N.V. (Vastned) have been listed on Euronext Amsterdam since 9 November 1987. Vastned has been part of the Amsterdam Small Cap Index (ASxC) since 18 September 2017.

The share's nominal value is € 5. The total number of shares in issue was 19,036,646 as at year-end 2016. 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 as at year-end 2022. No shares were issued in 2022.

As at year-end 2022, Vastned's market capitalisation, being the number of shares in issue multiplied by the share price, was € 363 million. The average daily trading volume in 2022 was 12,814 shares, or approximately € 0.29 million. 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 59% (2021: 65%), took place on Euronext Amsterdam. Other trading platforms with significant volumes are Aquis Exchange (8%), Cboe DXE (10%), Cboe BXE (8%), Equiduct (2%), Turquoise (2%) and Tradegate (1%). Almost 10% of shares have traded on the over-the-counter (OTC) market.

Movement of Vastned shares in 2022



Share price information	2022	2021	2020	2019	2018
Market capitalisation at year-end (€ millions)	363	412	397	458	560
Lowest closing price	17.46	21.50	13.94	25.00	30.25
Highest closing price	28.20	26.95	28.00	35.60	42.40
Closing price (year-end)	21.15	24.00	23.15	26.70	31.30
Average daily trading volume on euronext (shares)	12,814	20,000	57,000	27,000	34,000

Key data per share

Direct result	2.05	1.85	2.03	2.22	2.22
Indirect result	(0.22)	(4.26)	(0.73)	0.04	2.89
Dividend	1.85[1)]	1.73	1.43	2.05	2.05
Net asset value	41.57	42.98	46.28	46.40	46.12

1) Subject to approval from the Annual General Meeting of shareholders on 20 April 2023.

Dividend

Following approval from the Annual General Meeting on 14 April 2022, on 6 May 2022 Vastned distributed a final dividend for 2021 of € 1.20 per share. Combined with the interim dividend of € 0.59 in August, this resulted in a total dividend paid of € 1.79 per share.

Vastned proposes to the Annual General Meeting of shareholders to declare a total dividend of € 1.85 per share for the full calendar year 2022, which is an increase of € 0.12 per share to the total dividend paid over 2021. This equates to 90.2% 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 2022 opening price was € 24.00[1]. Over the year, the share closing price ranged between € 17.46 and € 28.20, and closed the year at € 21.15. Vastned distributed a final dividend of € 1.20 per share for 2021 and an interim dividend of € 0.59 for 2022, taking the total shareholder return (price movement and dividend payment) for 2022 to 5.3% negative (excluding reinvestment of dividends this was 4.4% negative), from 13.2% positive in 2021.

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 2022:

	Interest	Year end 2022
Van Herk Investments B.V.	24.98	
Lebaras Belgium BVBA	5.10	
BlackRock, Inc.	4.88	
Tikehau Capital Advisors SAS	3.05	
ICAMAP Real Estate Securities Fund S.A.	3.01	

There have been no transactions with major shareholders, being parties holding an interest of over 10%.

The Executive Board and the chairman of the Supervisory Board hold interests in Vastned to emphasise their involvement with the company and their belief in the strategy.

1) Closing price of 31 December 2021

Number of shares at year-end 2022

Reinier Walta (Executive Board)	7,375
Jaap Blokhuis (Chair Supervisory Board)	1,000
Désirée Theyse (member Supervisory Board)	0
Ber Buschman (member Supervisory Board)	0

Treasury shares

In 2018 and 2019, Vastned completed a share buyback programme. The repurchased shares are being held as treasury shares. In 2020, 2021 and 2022, Vastned did not buy back any of its own shares, so the number of repurchased shares at year-end 2022 remained unchanged from year-end 2019, i.e., 1,884,670 shares.

Investor relations

Information provision

Vastned is committed to communicating developments at the company promptly, clearly and unambiguously to all stakeholders. This is done by publishing press releases, interim reports and annual reports, as well as through 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 contact with current and potential shareholders and other market parties. Such interactions usually take place during (virtual) roadshows, through broker conferences, during property viewings and via video meetings and telephone calls. These interactions take place with (large) groups of current and potential shareholders, or bilaterally. Vastned has drawn up a 'policy on bilateral contacts with shareholders', which is 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 communications 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 2022, Vastned's 2021 annual report won the company a 'Gold Award' from the European Public Real Estate Association (EPRA). It was Vastned's 12th time receiving 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. With respect to 2021, Vastned reported in accordance with EPRA's Sustainability Best Practice Recommendations' (sBPR). In 2022, Vastned received its seventh consecutive Gold Award from EPRA as the highest recognition in this area.

Sell-side analysts

Vastned's developments are followed by five 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 2023

16 February 2023	before trading	Publication Annual Results 2022
09 March 2023	before trading	Publication Annual Report 2022
20 April 2023		Annual General Meeting of shareholders
11 May 2023	before trading	Q1 Trading Update 2023
27 July 2023	before trading	Half-Year Results 2023
26 October 2023	before trading	9M Trading Update 2023

Abbreviations

AFM	Authority for the Financial Markets
CEO	Chief Executive Officer
Code	The Dutch corporate governance code
CPI	Consumer price index
CRREM	Carbon Risk Real Estate Monitor
CSRD	Corporate Sustainability Reporting Directive
EPC	Energy Performance Certificate
EPRA	European Public Real Estate Association
IAS	International Accounting Standards
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
REIT	Real Estate Investment Trust
SDG	Sustainable Development Goal

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.

CRREM
Carbon Risk Real Estate Monitor. CRREM is the leading global standard and initiative for operational decarbonisation of real estate assets.

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.

1) In the event of differences in the EPRA definitions as published by EPRA the English language version will prevail.

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.

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/wp-content/uploads/2022/10/Vastned-Green-Finance-Framework.pdf.

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.

Sustainable Development Goals (SDGs)
The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go together with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

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 highly material topics
1. Long-term stable and predictable long-term results
2. Energy-efficient buildings
3. Preservation and improvement of cultural heritage
4. Ethical and transparent business practices
5. Local value creation for communities
6. Responsible rent & lease management

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).

Contact details & colophon

Vastned

The Netherlands
Mercuriusplein 11
2132 HA Hoofddorp
PO Box 22276
1100 CG Amsterdam
Telephone: +31 202424300
www.vastned.com
info@vastned.com

France
Rue de Rivoli 118-120
75001 Paris
Telephone: +33 155805767

Belgium
Generaal Lemanstraat 74
2600 Antwerp
Telephone: +32 33610590
www.vastnedretailbelgium.be
info@vastnedretailbelgium.be

Spain
Calle de Génova 25-1º A
28004 Madrid
Telephone: +34 913600792

Colophon

Graphic design: C&F Report
Text review: Narrative Labs


JD

vastned