

2014 HALF-YEAR RESULTS

Premium city strategy improves quality of the portfolio

Key points first half year 2014:

- Direct result € 1.21 per share
- Occupancy rate improved further to 96.6% (premium city high street shops: 99.1%)
- Premium city high street shops' 2.3% value increase keeps value of total portfolio stable
- Like-for-like gross rent growth 0.1% (premium city high street shops: 1.8%)
- Divestments of non-core property: € 53.7 million, sold around bookvalue
- Vastned invested € 11.6 million on Dutch high streets
- Share of premium city high street shops 55% (31 March 2014: 52%/ year-end 2013: 46%)
- Successful placement of € 110 million in convertible bonds
- Estimated direct result 2014: € 2.10 - € 2.30 per share
- Estimated dividend 2014 at least € 1.90 per share
- Reinier Walta nominated for Vastned CFO

Rotterdam, 14 August 2014 – Vastned, the listed European retail property company focusing on venues for premium shopping, has realised an improvement of the occupancy rate to 96.6% and an increase of the share of premium city high street shops to 55%.

Taco de Groot, Vastned CEO: *'In the first six months of 2014 we have made further progress in the execution of our high street strategy. After realising key objectives at the end of 2013, the strategy was updated with focus on growth in premium cities, and Annelou De Groot started as country manager Netherlands on 1 January 2014. Furthermore, we successfully finalised the sale of the Spanish shopping centres/galleries and a retail park, and disposed of € 54 million in non-core property in the Netherlands, Belgium and France, around book value. The favourable value developments in the category premium cities, acquisitions, and the divestments pushed the share of premium city high street shops up to 55%.*

General market developments show that retailers are still struggling with poor consumer confidence and low spending. While the situation appears to be improving somewhat over the past few months, we remain cautious about any lasting economic recovery. Polarisation between popular and less popular retail locations is increasing. Our customers, retailers, remain cautious and only choose the best locations, where they can reach and serve their customers best.

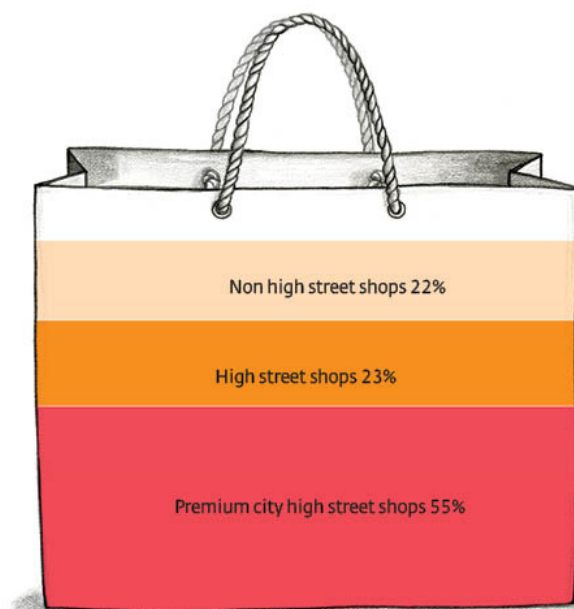
This is also reflected in our results. Premium city high street shops are showing strong results on key parameters like occupancy rate, value movements and rent growth. The result improved from € 0.7 million negative 30 June 2013 to € 9.4 million positive 30 June 2014. This strengthens our confidence to continue executing our strategy in the same way. Since we have successfully concluded the majority of the divestments we envisaged, we will be focussing on targeted acquisitions in the near future. At the publication of our annual results for 2013, we expressed our expectation for the direct result for 2014, in line with the strategy aimed at more stable and more predictable results. We maintain our estimate of a direct result for 2014 of between € 2.10 and € 2.30 per share. We add to that the expectation that we will distribute a dividend of at least € 1.90 per share for the full year 2014.'

REVIEW OF THE PROPERTY PORTFOLIO

Introduction

The quality of the property portfolio improved over the past six months by a number of acquisitions and divestments. This caused the share of premium city high street shops to rise from 46% at year-end 2013 (before the divestment of the Spanish shopping centres/galleries) to 55% as at 30 June 2014.

The property portfolio yielded stable results, with premium city high street shops performing well on key parameters. The occupancy rate as at 30 June 2014 was 99.1%, like-for-like rent growth was 1.8% and the value of the premium city high street shops increased by 2.3% compared to year-end 2013.



KEY PARAMETERS

| | In % | Premium cities high street shops | High street shops | Non-high street shops | Total |
|---------------------------------|------|--|-------------------|--------------------------|-------|
| Occupancy rate | | 99.1 | 94.8 | 94.4 | 96.6 |
| Like-for-like gross rent growth | | 1.8 | (0.8) | (1.0) | 0.1 |
| Value movement | | 2.3 | (2.4) | (4.4) | (0.4) |
| Value (in € million) | | 811 | 344 | 333 | 1,488 |

Occupancy rate

The occupancy rate of the property portfolio rose from 94.0% at year-end 2013 to 96.6% at 30 June 2014.

Occupancy rate by country

| | HY1 2014 | Year end 2013 | Average HY1 2014 | Average HY1 2013 |
|----------------|---------------------|------------------|-----------------------------|---------------------|
| Nederlands | 95.6 | 96.8 | 96.3 | 96.5 |
| France | 97.2 | 95.4 | 97.1 | 95.2 |
| Belgium | 96.2 | 95.4 | 95.6 | 95.7 |
| Spain/Portugal | 100 | 86.6 | 94.5 | 89.0 |
| Turkey | 100 | 100 | 100 | 88.8 |
| <i>Total</i> | 96.6 | 94.0 | 96.4 | 94.0 |

Occupancy rate by type

| 30 June 2014 in % | Premium city high street shops | High street shops | Non-high street shops | Total |
|----------------------|--------------------------------------|----------------------|--------------------------|-------------|
| Nederlands | 97.8 | 93.4 | 96.2 | 95.6 |
| France | 99.9 | 100 | 71.6 | 97.2 |
| Belgium | 98.4 | 94.9 | 95.1 | 96.2 |
| Spain/Portugal | 100 | 100 | 100 | 100 |
| Turkey | 100 | n/a | n/a | 100 |
| <i>Total</i> | 99.1 | 94.8 | 94.4 | 96.6 |

The divestments, which included the seven Spanish shopping centres/galleries and one retail park, helped to improve the occupancy rate of the non-high street shops from 89.7% at year-end 2013 to 94.4% at 30 June 2014. The occupancy rate of the high street shops remained virtually unchanged at 94.8% (year-end 2013: 94.7%). The occupancy rate of the premium city high street shops remained high at 99.1%.

The occupancy rate in France improved from 95.4% at year-end 2013 to 97.2% at 30 June 2014. This was the result of the sale of the French portfolio comprising mainly of high street shops in smaller cities like Alençon, Amiens, Dieppe and Chambéry and a cluster of four retail warehouses in Toulon La Garde. The leasing of several apartments in Paris and Lille also contributed positively. The occupancy rates of the French premium city high street shops and high street shops rose from 99.2% year-end 2013 to 99.9% at 30 June 2014 and from 95.7% year-end 2013 to 100% at 30 June 2014 respectively.

In Belgium leases in Turnhout, Genk and Vilvoorde, raised the occupancy rate from 95.4% at year-end 2013 to 96.2% at 30 June 2014.

Leasing activity

In the first six months of 2014, Vastned signed 70 leases totalling € 6.5 million in rental income with strong brands including MANGO, De Tuinen, Nike, Topshop and H&M.

In premium cities Vastned realised an average rent increase of 4.1% on the leases concluded. In the shopping centres in Tongeren (Belgium) and Limoges (France), Vastned concluded some leases at sharply lower rents (-53%), so that on average new leases were concluded at 4% lower rents. Retailers are ever more cautious about the location of their shops. This drove down demand for retail units in such shopping centres. By concluding these leases, although at lower rents, Vastned managed to refrain the occupancy rates in these shopping centres from decreasing any further.

In total, Vastned signed 44 leases in the Netherlands for € 2.6 million in rental income. These leases were concluded at on average 0.2% higher rents. Rent increases were realised especially in the first quarter on leases to De Tuinen in Zutphen, MANGO in Eindhoven and Credo Men's fashion in The Hague. In spite of encouraging signs for consumer confidence and spending in the Netherlands, part of the retailers is not yet seeing a sustained improvement in their sales. Polarisation between the best and less popular locations is increasing. This is reflected in the results of the leasing activity in the Netherlands.



Topshop, Istiklal Caddesi 18, Istanbul

In the second quarter, Vastned concluded 25 leases; a number of leases in Hengelo, Hilversum, Bussum and Leiden involved rent reductions. This led in the Dutch portfolio to on average 5.5% lower rents on leases concluded in the second quarter.

In Istanbul Topshop renewed its lease with Vastned for its high street shop aan Istiklal Caddesi 18 for the second time with another six years, whereby Vastned realised an attractive rent increase.

Leasing activity

| | Volume in € million and % of TGOI | | | | Movement gross rental income | |
|----------------|-----------------------------------|------------|--------------------|------------|------------------------------|--------------|
| | Q2 in € million | % | H1 in € million | % | Q2 % | H1 % |
| Nederlands | 1.5 | 3.3 | 2.6 | 5.8 | (5.5) | 0.2 |
| France | 0.2 | 1.3 | 0.3 | 1.9 | (20.5) | (38.9) |
| Belgium | 2.3 | 10.1 | 2.6 | 11.5 | (0.9) | (3.1) |
| Spain/Portugal | 0.3 | 7.8 | 0.3 | 7.8 | 0.0 | 0.0 |
| Turkey | - | - | 0.6 | 7.4 | - | 4.6 |
| Total | 4.3 | 4.4 | 6.5 | 6.6 | (3.6) | (4.0) |

Lease incentives

Lease incentives, such as rent-free periods, lease discounts and other payments or contributions to tenants, declined from 3.1% to 2.6% compared to the first six months in 2013 due to the divestment of the Spanish shopping centres/galleries. Related to this sale Vastned had a oneoff release of € 1.4 million. Actual lease incentives remained virtually unchanged.

Lease incentives

| in % | HY1 2014 Actual | HY1 2013 Actual | HY1 2014 IFRS | HY1 2013 IFRS |
|----------------|--------------------|--------------------|------------------|------------------|
| Nederlands | (3.1) | (2.3) | (1.8) | (1.8) |
| France | (2.0) | (2.8) | (2.4) | (2.3) |
| Belgium | (3.4) | (1.3) | (2.7) | (1.4) |
| Spain/Portugal | (3.3) | (6.3) | (3.3) | (6.7) |
| Turkey | (10.4) | (7.8) | (5.5) | (4.8) |
| <i>Total</i> | (3.5) | (3.4) | (2.6) | (3.1) |

Value movements

The 2.3% value increase of premium city high street shops limited the value decrease of the total portfolio to 0.4%. Especially the 3% value increase in France, which was realised mainly in the premium cities Paris, Bordeaux and Lille, contributed.



GAP, Rue de Rivoli 102, Paris

| | Value in € million 30 June 2014 | Premium city high street shops % | High street shops % | Non-high street shops % | Total % |
|----------------|------------------------------------|-------------------------------------|------------------------|----------------------------|--------------|
| Nederlands | 611 | 1.2 | (3.8) | (7.5) | (3.1) |
| France | 323 | 4.2 | 1.7 | (12.2) | 3.1 |
| Belgium | 359 | 1.1 | (0.6) | (0.2) | 0.2 |
| Spain/Portugal | 64 | 3.7 | (5.4) | 1.2 | 1.2 |
| Turkey | 131 | 1.2 | - | - | 1.2 |
| Total | 1,488 | 2.3 | (2.4) | (4.4) | (0.4) |

Breakdown of the property portfolio

| | in € million | Premium city high street shops | High street shops | Non-high street shops | Total |
|----------------|--------------|--------------------------------------|----------------------|--------------------------|-------|
| Nederlands | 236 | 207 | 168 | 611 | |
| France | 260 | 52 | 11 | 323 | |
| Belgium | 142 | 71 | 146 | 359 | |
| Spain/Portugal | 42 | 14 | 8 | 64 | |
| Turkey | 131 | n/a | n/a | 131 | |
| Total | 811 | 344 | 333 | 1,488 | |

Acquisitions

In the first half year, Vastned expanded its Dutch high street portfolio with the acquisition of three high street shops in Maastricht, Den Bosch and Arnhem for € 11.6 million in total.

Vastned expanded its holdings in premium city Maastricht with the acquisition of Grote Straat 59, leased to Van Dalen, with a total floor area of 240 sqm. In Den Bosch, Vastned bought a high street shop at Schapenmarkt 17-19, leased to Zara, with a floor area of over 1,250 sqm. Zara also leases the property adjoining Schapenmarkt 17-19 and will connect the two properties on the ground and first floor. In Arnhem Vastned created a cluster with the acquisition of Bakkerstraat 5, leased to Claudia Sträter.

Although Arnhem is not a premium city, this transaction represents a unique opportunity of having three adjoining shops in one of the most popular shopping streets in Arnhem with a floor area totalling over 1,100 sqm, with tenants including Gerry Weber, Claudia Sträter and Marc Cain. This cluster offers excellent future prospects.

After balance sheet date, Vastned has expanded its property portfolios in premium cities Gent (Belgium) and Lyon (France). In Gent, Vastned bought the high street shop at Veldstraat 23-27 on the corner of Bennesteeg leased to H&M for € 27.7 million. This shop has a floor area of approx. 2,600 sqm with a unique 25-metre facade on Veldstraat and 28-metre facade on Bennesteeg. In Lyon Vastned bought the high street shop at number 70 in the prestigious shopping street Rue Édouard Herriot, leased to luxury fashion retailer Sandro, for € 2.6 million. This shop has a retail floor area of approx. 165 sqm.

DIVESTMENTS

Next to acquisitions, divestments of non-core property also help to improve the quality of the property portfolio. In the first half year of 2014, Vastned sold properties for € 53.7 million, excluding the divestments in Spain. These divestments were made on average around book value.

Nederlands

In the Netherlands, Vastned sold € 4.3 million in non-core property consisting of vacant office space in Houten and individual retail units in the smaller cities Vaassen, Bussum and Delft.

France

In the first quarter, Vastned sold a large portfolio of predominantly individual shops in smaller cities like Alençon, Amiens, Dieppe and Chambéry, and a cluster of four retail warehouses in Toulon La Garde for € 44.6 million after sales costs. Vastned also sold a number of apartments in Ferrière-La-Grande. Furthermore Vastned sold a shop in Mâcon for € 0.4 million in the second quarter 2014.

Belgium

In Belgium Vastned sold two retail warehouses in Hasselt in the first quarter and in the second quarter one retail warehouse in Wilrijk. These divestments totalled € 3.9 million, which was 5% above book value.

Spain

In Spain, the sale of the seven Spanish shopping centres/galleries and a retail park was finalised successfully. The Spanish portfolio, including Portugal, now values € 64 million, of which 65% is invested in premium city high street shops and a 100% occupancy rate.

Turkey

No divestments were made in Istanbul in Turkey.

The divestments contributed to the increase of the share of premium city high street shops. Due to divestments, acquisitions and value movements, this share increased from 46% at year-end 2013, before the sale of the Spanish shopping centres/galleries, to 55% at 30 June 2014.

RESULT HY1 2014

The result is comprised of the direct result and the indirect result. The result for the first half of 2014 was € 9.4 million, or € 0.49 per share. In HY1 2013, the result was € 0.7 million negative. The improvement of the result relates to the positive change of the indirect result, which improved from € 30.1 million negative HY1 2013 to € 13.7 million negative HY1 2014 mainly due to less negative value movements. The direct result in HY1 2014 was € 23.1 million (H1 2013: € 29.3 million).

| (€ million) | H1 2014 | H1 2013 |
|-----------------|----------------|----------------|
| Direct result | 23.1 | 29.3 |
| Indirect result | (13.7) | (30.1) |
| Result | 9.4 | (0.7) |

Direct result

The direct result for the first six months of 2014 was € 23.1 million, € 6.2 million down on the same period last year. The main cause of this was the fall in income due to (net) divestments predominantly in Spain and France.

Indirect result

The indirect result in the first half of 2014 was € 13.7 million negative, of which € 7.0 million was related to value movements in properties. This represents an improvement on the € 30.1 million negative in HY1 2013. The value decrease in HY1 2014 was 0.4%, which was attributable to value movements in non-high street shops and high street shops in smaller cities in the Netherlands. France, Belgium, Spain and Turkey showed on balance a value increase. A sales result of € 1.0 million negative was realised on the divestments, which was mainly connected to the sale in France of 29 non-core investment properties in smaller cities for € 44.6 million. In addition, due to declining market interest rates, a € 1.0 million negative value movement was recognised on interest rate swaps not designated as effective hedges under IFRS. Some derivatives could no longer be designated as full hedges under IFRS because of redemptions on loans as a result of the placement of the convertible bond. Accordingly, the € 3.9 million negative value of the interest rate swaps had to be recognised in the result in HY 2014, but had already been included in equity at year-end 2013.

NET INCOME FROM PROPERTIES

Gross rental income

The gross rental income for the first six months of 2014 was € 49.9 million. This represents a 22.5% decrease compared to the same period last year, which was mainly due to the (net) divestments in the context of our strategy focusing on growth in premium cities. The sale of the Spanish and French non-core property was a leading factor in this.

Acquisitions and properties taken into operation (€ 3.7 million increase)

Due to the acquisitions made over the past 12 months, gross rental income rose by € 2.2 million. In the same period, H&M's first high street flagship store and Armani's brand store in Istanbul were taken into operation, resulting in a € 1.5 million increase.

Divestments (€ 18.3 million decrease)

Divestments of non-core property, especially in Spain, France and the Netherlands, including the Spanish shopping centres/galleries, shopping centre Val Thoiry and shopping centre Het Rond in Houten, caused gross rental income to fall by € 19.7 million. This was offset by an increase in the rental income in Spain in the first half of 2014 due to a one-off release of € 1.4 million from a lump-sum payment received in the past from a departed tenant.

Like-for-like gross rent growth (€ 0.1 million increase)

The € 0.3 million positive like-for-like gross rent growth of the premium city high street shops was offset by negative gross rent growth in the remainder of the portfolio of on balance € 0.2 million.

Operating expenses (including ground rents and net service charge expenses) (€ 2.0 million decrease)

The operating expenses fell by € 2.0 million compared to the same period last year. This was due to (net) divestments of mainly shopping centres with relatively high net service charge expenses. The decrease was even bigger when corrected for the one-off gain of € 0.3 million from the release of a provision for doubtful debtors in the first half of 2013.

The operating expenses as a percentage of gross rental income fell from 12.3% to 11.8%. This improvement was mainly due to the share of premium city high street shops having more impact on the whole and that they have relatively lower operating expenses (10.4%) than high street shops (11.3%) and the non-high street shops (14.0%). Operating expenses as a percentage of gross rental income increased in the Netherlands due to inter alia a higher allocation to the provision for doubtful debtors, which was offset by a release of a provision for doubtful debtors in Spain resulting from the sale.

Value movements properties (€ 7.0 million decrease)

The value decrease in HY1 2014 was 0.4%, which was attributable to value movements in high street shops in smaller cities and non-high street shops in the Netherlands. France, Belgium, Spain and Turkey on balance showed a value increase. Especially the 3% value increase in France, which was realised mainly in the premium cities Paris, Bordeaux and Lille, contributed.

Net result on divestments of investment properties (€ 1.0 million decrease)

In line with its high street strategy, Vastned sold non-core properties totalling € 53.7 million, yielding a limited negative result on divestments of € 1.0 million (1.8%).

EXPENDITURE

Net financing costs

Compared to the same period last year, net financing costs fell by € 5.6 million to € 18.1 million in the first half of 2014. The main cause of the decrease were on balance divestments, such as those of the Spanish shopping centres/galleries and the shopping centres in Houten and Thoiry. At 30 June 2014 the loan portfolio was € 586 million (30 June 2013: € 756 million).



Repetto, Cours de l'Intendance 47, Bordeaux

Due to declining market interest rate, a € 1.0 million negative value movement was recognised on interest rate derivatives not designated as effective hedges under IFRS (HY1 2013: € 0.9 million positive). Also because some derivatives could no longer be designated as full hedges under IFRS, because of redemptions on loans as a result of the placement of the convertible bond there was a cost transfer from equity to the profit and loss account of € 3.9 million (HY1 2013: € 7.2 million). The negative value of the interest rate swaps had already been included in equity. Therefore, this transfer does not affect net asset value.

The average interest rate remained virtually unchanged at 4.3% (HY1 2013: 4.1%). In view of the convertible bond placement in April and our enhanced credit profile, we expect the interest rate to come down in the coming quarters.

General expenses

General expenses increased from € 4.6 million to € 5.0 million. Due to the divestment in Spain and the transfer of a large part of the Spanish team as of 1 April 2014, general expenses fell by approx. € 0.2 million. The decrease was off-set mainly by the dismissal compensation related to the departure of the CFO and a lower amount attributable to investment properties in operation due to the smaller size of the property portfolio.

Income tax payable on the reporting period

These taxes remained virtually the same as last year.

Movement deferred tax assets and liabilities

The movement in deferred tax assets and liabilities was € 1.2 million negative (HY1 2013: € 0.6 million positive). The lower taxable result in Spain due to the sale of the Spanish shopping centres/galleries was partly offset by the taking into operation of two premium city high street shops in Istanbul and led in the first half year of 2014 on balance to a movement in deferred tax assets of € 0.6 million negative (HY1 2013: € 1.5 million negative).

The movement in deferred taxes as a result of value movements was € 0.6 million negative (HY1 2013: € 2.1 million positive). The movement in the first six months of 2014 was mainly due to the value increase of the high street shops in Spain and Istanbul, while in the comparable period in 2013 there was a release due to the value decline of the non-core property in Spain.

Result attributable to non-controlling interests

The result attributable to non-controlling interests was € 2.3 million (HY1 2013: € 13.6 million). The larger part of this decrease was attributable to the higher appraisal values in the Belgian property portfolio in 2013 and to a lesser extent to the sale of the interest in the limited partnership Winkelcentrum Het Rond in 2013.

FINANCING

Solvency and debt financing

As at 30 June 2014, Vastned's balance sheet showed a healthy financing structure with a loan-to-value of 39.4% (year-end 2013: 44.6%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 57.8% (year-end 2013: 51.5%). With a solvency of 57.8% and an interest coverage ratio of 3.0, Vastned is fully compliant with all the loan covenants.

SOLVENCY AND LOAN CAPITAL

| | 30 June 2014 | 30 June 2013 |
|---|--------------|--------------|
| Solvency | 57.8% | 51.5% |
| Loan-to-value | 39.4% | 44.6% |
| Duration based on contract expiry dates (years) | 4.0 | 2.8 |
| Duration based on interest review dates (years) | 3.3 | 2.9 |

On 3 April 2014, Vastned placed a € 110 million convertible bond with various investors. This increased the share of non-bank loans to well above Vastned's 25% target. The convertible bond was placed at an initial conversion price of € 46.19, 30% above the reference price of € 35.5338, with an annual coupon of 1.875%. The convertible bond has a duration of five years and will contribute to reducing our financing costs. It will also strengthen Vastned's position in relation to other credit providers.

LOAN PORTFOLIO 30 June 2014 (€ million)

| | Fixed interest 1) | Floating interest | Total | % of total |
|------------------------|-------------------|-------------------|-------|------------|
| Long-term liabilities | 362.7 | 42.2 | 404.9 | 69.1 |
| Short-term liabilities | 138.5 | 42.4 | 180.9 | 30.9 |
| | 501.2 | 84.6 | 585.8 | 100.0 |
| % of total | 85.6 | 14.4 | 100.0 | |

1) Taking interest rate derivatives into account

At 30 June 2014, 69.1% of the loan portfolio comprised long-term loans. Due to the divestments and the convertible bond issue, the average remaining duration based on contract expiry dates rose to 4.0 years (year-end 2013: 2.8 years). The unused credit facilities as at 30 June 2014 rose to € 262 million (year-end 2013: € 166 million).

Interim dividend

In accordance with its dividend policy, Vastned will distribute 60% of its half-year result as dividend. With a direct result of € 1.21 per share for the first half of 2014, the 2014 interim dividend will be € 0.73 per share. The payment date of the interim dividend is 29 August 2014.

Events after balance sheet date

After balance sheet date, Vastned announced that Reinier Walta will succeed Tom de Witte as CFO, who will leave Vastned after more than eleven years. His departure was announced on 20 March 2014. At an Extraordinary Meeting of Shareholders on Monday 24 November 2014, the shareholders will be asked to approve the appointment of Reinier Walta as CFO for a period of four years. Reinier Walta will start on 1 November 2014.

OUTLOOK 2014

Vastned will continue to execute its high street strategy focused on growth in premium cities pragmatically and step by step to 75% of the total property portfolio. The majority of the non-core property that Vastned wished to sell has been sold, so that the company's focus for the near future will be on acquisitions in premium cities. We will also work hard on optimising returns from existing properties.

Vastned is moderately positive about rent developments. The division between popular and less popular shopping destinations continues, keeping demand for retail units in well-known shopping streets in larger cities strong while reducing demand in smaller cities without regional appeal. Expectations are that retailers who fail to invest in their formulas will continue to struggle.

We maintain our estimate of a direct result for the full year 2014 of between € 2.10 and € 2.30 per share. The result for the second half of 2014 is expected to be lower than in the first half, because in the first six months the portfolios in Spain and France, now sold, still contributed to the direct result for the first half year. Vastned anticipates distributing a dividend of at least € 1.90 per share for the 2014 financial year to its shareholders.

Responsibility statement

In accordance with Article 5.25(d) of the Financial Supervision Act, the board of management states that to the best of its knowledge:

- the report of the board of management gives a true and fair view of the state of affairs at the balance sheet date and during the reporting period of Vastned and its consolidated subsidiaries whose figures have been included in its financial interim report and the expected course of business;
- the financial interim report gives a true and fair view of the assets and liabilities, the financial position and the result of Vastned and its consolidated subsidiaries; and
- the material risks facing Vastned have been described in this report. For a more extensive description of the risks, we refer to the chapter 'Risk Management' in the most recent annual report.

Rotterdam, 13 August 2014

Statutory Directors:

Taco de Groot, CEO

Tom de Witte, CFO

Conference call

On 14 August 2014 at 11am Vastned will comment on the half-year results 2014 in a conference call to analysts and shareholders. The conference call will be broadcasted live on our website www.vastned.com.

FINANCIAL CALENDAR 2014 - 2015

| | |
|-----------------|--|
| 18 August 2014 | Ex interim dividend date |
| 20 August 2014 | Record date interim dividend |
| 29 August 2014 | Payment interim dividend |
| 3 November 2014 | 9-months 2014 trading update |
| 2 March 2015 | Annual results 2014 |
| 24 April 2015 | Annual General Meeting of shareholders |

ABOUT VASTNED

Vastned is a listed European retail property company focusing on venues for premium shopping. Vastned invests in selected cities in Europe and Istanbul, with a clear focus on the best retail property in the most popular shopping streets in the bigger cities (high streets). Vastned's tenants are strong and leading international and national retail brands. The property portfolio has a size of approximately € 1.5 billion.

Further information:

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DEVELOPMENT NET RENT INCOME

| HIGH STREET SHOPS PREMIUM CITY (X € 1 MILLION) | Netherlands | Belgium | France | Turkey | Spain/ Portugal | Total |
|---|--------------------|----------------|---------------|---------------|----------------------------|--------------|
| Gross rent income 2013 | 4.9 | 3.4 | 5.7 | 2.1 | 1.1 | 17.2 |
| Acquisitions | 1.0 | 0.2 | 1.0 | - | - | 2.2 |
| Taken into operation | - | - | - | 1.5 | - | 1.5 |
| Divestments | - | - | (0.2) | - | - | (0.2) |
| Like-for-like rent growth | 0.1 | - | 0.1 | 0.1 | - | 0.3 |
| Gross rent income 2014 | 6.0 | 3.6 | 6.6 | 3.7 | 1.1 | 21.0 |
| Operating expenses | (0.9) | (0.4) | (0.6) | (0.2) | - | (2.1) |
| Net rent income 2014 | 5.1 | 3.2 | 6.0 | 3.5 | 1.1 | 18.9 |
| Net rent income 2013 | 4.2 | 3.2 | 5.0 | 2.0 | 1.0 | 15.4 |
| Operating expenses as % of: | | | | | | |
| - in 2014 | 14.8 | 10.9 | 8.8 | 7.3 | 5.4 | 10.4 |
| - in 2013 | 13.5 | 7.1 | 12.0 | 6.7 | 6.3 | 10.5 |
| HIGH STREET SHOPS (X € 1 MILLION) | Netherlands | Belgium | France | Turkey | Spain/ Portugal | Total |
| Gross rent income 2013 | 8.2 | 2.0 | 3.0 | - | 0.7 | 13.9 |
| Acquisitions | - | - | - | - | - | - |
| Taken into operation | - | - | - | - | - | - |
| Divestments | (0.3) | (0.1) | (1.0) | - | - | (1.4) |
| Like-for-like rent growth | (0.1) | 0.0 | - | - | - | (0.1) |
| Gross rent income 2014 | 7.8 | 1.9 | 2.0 | - | 0.7 | 12.4 |
| Exploitatiekosten | (1.1) | (0.2) | (0.1) | - | - | (1.4) |
| Net rent income 2014 | 6.7 | 1.7 | 1.9 | - | 0.7 | 11.0 |
| Net rent income 2013 | 7.2 | 1.8 | 2.8 | - | 0.6 | 12.4 |
| Operating expenses as % of: | | | | | | |
| - in 2014 | 14.0 | 8.4 | 6.0 | - | 4.9 | 11.3 |
| - in 2013 | 12.4 | 8.0 | 9.4 | - | 5.7 | 10.8 |
| NON-HIGH STREET SHOPS (X € 1 MILLION) | Netherlands | Belgium | France | Turkey | Spain/ Portugal | Total |
| Gross rent income 2013 | 11.1 | 5.5 | 4.8 | - | 11.9 | 33.3 |
| Acquisitions | - | - | - | - | - | - |
| Taken into operation | - | - | - | - | - | - |
| Divestments | (4.0) | (0.2) | (4.0) | - | (8.5) | (16.7) |
| Like-for-like rent growth | (0.1) | 0.1 | (0.2) | - | 0.1 | (0.1) |
| Gross rent income 2014 | 7.0 | 5.4 | 0.6 | - | 3.5 | 16.5 |
| Operating expenses | (1.1) | (0.6) | (0.2) | - | (0.4) | (2.3) |
| Net rent income 2014 | 5.9 | 4.8 | 0.4 | - | 3.1 | 14.2 |
| Net rent income 2013 | 9.9 | 4.9 | 4.1 | - | 9.8 | 28.7 |
| Operating expenses as % of: | | | | | | |
| - in 2014 | 16.4 | 11.6 | 24.8 | - | 10.9 | 14.0 |
| - in 2013 | 11.0 | 10.1 | 14.9 | - | 17.7 | 13.8 |
| TOTAL (X € 1 MILLION) | Netherlands | Belgium | France | Turkey | Spain/ Portugal | Total |
| Gross rent income 2013 | 24.2 | 10.9 | 13.5 | 2.1 | 13.7 | 64.4 |
| Acquisitions | 1.0 | 0.2 | 1.0 | - | - | 2.2 |
| Taken into operation | - | - | - | 1.5 | - | 1.5 |
| Divestments | (4.3) | (0.3) | (5.2) | - | (8.5) | (18.3) |
| Like-for-like rent growth | (0.1) | 0.1 | (0.1) | 0.1 | 0.1 | 0.1 |
| Gross rent income 2014 | 20.8 | 10.9 | 9.2 | 3.7 | 5.3 | 49.9 |
| Operating expenses | (3.1) | (1.2) | (0.9) | (0.2) | (0.5) | (5.9) |
| Net rent income 2014 | 17.7 | 9.7 | 8.3 | 3.5 | 4.8 | 44.0 |
| Net rent income 2013 | 21.3 | 9.9 | 11.9 | 2.0 | 11.4 | 56.5 |
| Operating expenses as % of: | | | | | | |
| - in 2014 | 15.0 | 10.8 | 9.3 | 7.3 | 9.0 | 11.8 |
| - in 2013 | 12.0 | 8.8 | 12.5 | 6.7 | 16.1 | 12.3 |

KEY FIGURES

Results (x € 1,000)

| | 30 June 2014 | 31 December 2013 | 30 June 2013 |
|---------------------|-----------------|---------------------|-----------------|
| Gross rental income | 49,943 | 123,238 | 64,405 |
| Direct result | 23,073 | 54,195 | 29,345 |
| Indirect result | (13,691) | (143,231) | (30,078) |
| Result | 9,382 | (89,036) | (733) |

Balance sheet (x € 1,000)

| | | | |
|--|------------|------------|------------|
| Investment properties | 1,488,068 | 1,694,395 | 1,820,301 |
| Equity | 859,800 | 872,623 | 1,014,456 |
| Equity Vastned Retail shareholders | 780,837 | 791,365 | 889,407 |
| Long-term liabilities | 437,591 | 574,472 | 682,343 |
| Solvency based on banks' definition (in %) | 57.8 | 51.5 | 55.1 |
| Loan-to-value (in %) | 39.4 | 44.6 | 41.5 |
| Interest coverage ratio | 3.0 | 2.8 | 3.0 |
| Financial occupancy rate total portfolio (in %) | 96.4 | 94.0 | 94.2 |
| Premium city high street shops (in %) | 99.1 | 97.4 | 97.4 |
| High street shops (in %) | 94.7 | 94.7 | 94.7 |
| Non-high street shops (in %) | 94.2 | 91.6 | 92.5 |
| Average number of ordinary shares in issue | 19,036,646 | 19,036,646 | 19,036,646 |
| Number of ordinary shares in issue (end of period) | 19,036,646 | 19,036,646 | 19,036,646 |

Per share (x € 1)

| | | | |
|--|---------------------|---------------------|---------------------|
| Equity Vastned Retail shareholders at beginning of year (including final dividend) | 41.57 | 47.26 | 47.26 |
| Final dividend previous financial year | (1.63) | (1.54) | (1.54) |
| <i>Equity Vastned Retail shareholders at beginning of period (excluding final dividend)</i> | <u>39.94</u> | <u>45.72</u> | <u>45.72</u> |
| Direct result | 1.21 | 2.85 | 1.54 |
| Indirect result | (0.72) | (7.53) | (1.58) |
| Result | <u>0.49</u> | <u>(4.68)</u> | <u>(0.04)</u> |
| Remeasurement of defined benefit pension obligation | - | 0.02 | - |
| Value movements financial derivatives directly recognised in equity, after taxes | 0.17 | 0.98 | 0.67 |
| Reclassification of unrealised results of financial derivatives to profit-and-loss account, after taxes | 0.21 | 0.52 | 0.38 |
| Translation differences on net investments, after taxes | - | (0.07) | (0.01) |
| Equity component of convertible bond | 0.21 | - | - |
| Interim dividend | - | (0.92) | - |
| <i>Equity Vastned Retail shareholders at end of period (including final dividend)</i> | <u>41.02</u> | <u>41.57</u> | <u>46.72</u> |
| Share price (end of period) | 37.19 | 32.985 | 31.48 |
| Premium / (Discount) (in %) | (9.3) | (20.7) | (32.6) |

DIRECT AND INDIRECT RESULT (X € 1,000)

DIRECT RESULT

| | HY1 2014 | HY1 2013 |
|--|----------------------|----------------------|
| Gross rental income | 49,943 | 64,405 |
| Ground rents paid | (76) | (307) |
| Net service charge expenses | (700) | (1,445) |
| Operating expenses | (5,130) | (6,157) |
| <i>Net rental income</i> | <u>44,037</u> | <u>56,496</u> |
| Financial income | 1,466 | 513 |
| Financial expenses | (14,424) | (17,888) |
| <i>Net financing costs</i> | <u>(12,958)</u> | <u>(17,375)</u> |
| General expenses | (4,969) | (4,604) |
| <i>Direct result before taxes</i> | <u>26,110</u> | <u>34,517</u> |
| Current income tax expense | (83) | (101) |
| Movement deferred tax assets and liabilities | (588) | (1,308) |
| <i>Direct result after taxes</i> | <u>25,439</u> | <u>33,108</u> |
| Direct result attributable to non-controlling interests | (2,366) | (3,763) |
| <i>Direct result attributable to Vastned Retail shareholders</i> | <u>23,073</u> | <u>29,345</u> |

INDIRECT RESULT

| | | |
|---|------------------------|------------------------|
| Value movements investment properties in operation | (6,857) | (12,826) |
| Value movements investment properties under renovation | 481 | - |
| Value movements investment properties in pipeline | (602) | (47) |
| <i>Total value movements investment properties</i> | <u>(6,978)</u> | <u>(12,873)</u> |
| Net result on disposals of investment properties | (998) | (3,026) |
| Financial expenses | (184) | - |
| Value movements financial derivatives | (1,019) | 866 |
| Reclassification of unrealised results on financial derivatives from equity | (3,932) | (7,156) |
| <i>Indirect result before taxes</i> | <u>(13,111)</u> | <u>(22,189)</u> |
| Movement deferred tax assets and liabilities | (651) | 1,911 |
| <i>Indirect result after taxes</i> | <u>(13,762)</u> | <u>(20,278)</u> |
| Indirect result attributable to non-controlling interests | 71 | (9,800) |
| <i>Indirect result attributable to Vastned Retail shareholders</i> | <u>(13,691)</u> | <u>(30,078)</u> |
| <i>Result attributable to Vastned Retail shareholders</i> | <u>9,382</u> | <u>(733)</u> |

PER SHARE (x € 1)

| | | |
|---|--------|--------|
| Direct result attributable to Vastned Retail shareholders | 1.21 | 1.54 |
| Indirect result attributable to Vastned Retail shareholders | (0.72) | (1.58) |
| | 0.49 | (0.04) |

EPRA PERFORMANCE INDICATORS (x € 1,000)

In line with EPRA's Best Practice recommendations, the key performance indicators are set out below.

1 EPRA earnings

| | HY1 2014 | HY1 2013 |
|--|---------------|---------------|
| <i>Result as stated in consolidated IFRS profit and loss account</i> | 9,382 | (733) |
| Value movements investment properties | 6,978 | 12,873 |
| Net result on disposals of investment properties | 998 | 3,026 |
| Value movements financial derivatives | 5,135 | 6,290 |
| Movement deferred tax assets and liabilities | 651 | (1,911) |
| Attributable to non-controlling interests | (71) | 9,800 |
| EPRA Earnings | 23,073 | 29,345 |
| EPRA Earnings per share (EPS) (x € 1) | 1.21 | 1.54 |

2 AND 3 EPRA NAV AND EPRA NNAV

| | 30 June 2014 | | 30 June 2013 | |
|--------------------------------------|-----------------|----------------------|-----------------|----------------------|
| | | per share (x € 1) | | per share (x € 1) |
| Equity Vastned Retail shareholders | 780,837 | 41.02 | 889,407 | 46.72 |
| Conversion effect | - | - | - | - |
| Diluted equity | 780,837 | 41.02 | 889,407 | 46.72 |
| Fair value of financial derivatives | 12,059 | 0.63 | 35,703 | 1.88 |
| Deferred tax | 10,941 | 0.57 | 24,313 | 1.28 |
| EPRA NAV | 803,837 | 42.22 | 949,423 | 49.88 |
| Fair value of financial derivatives | (12,059) | (0.63) | (35,703) | (1.88) |
| Fair value of interest-bearing loans | (19,808) | (1.04) | 1,040 | 0.05 |
| Deferred tax | (8,741) | (0.46) | (16,333) | (0.86) |
| EPRA NNAV | 763,229 | 40.09 | 898,427 | 47.19 |

4 EPRA Net Initial Yield and EPRA Topped-up Net Initial Yield

| | 30 June 2014 | | 31 December 2013 | |
|--------------------------------|-------------------|--------------------------------|---------------------|--------------------------------|
| | Net Initial Yield | Topped-up Net Initial Yield | Net Initial Yield | Topped-up Net Initial Yield |
| Netherlands | 5.6 | 5.7 | 5.5 | 5.6 |
| Belgium | 5.2 | 5.4 | 5.3 | 5.5 |
| France | 4.7 | 4.8 | 5.1 | 5.2 |
| Turkey | 5.9 | 6.0 | 3.1 | 6.1 |
| Spain/Portugal | 6.3 | 6.3 | 6.4 | 6.4 |
| <i>Total</i> | 5.3 | 5.5 | 5.2 | 5.6 |
| Premium city high street shops | 4.6 | 4.8 | 4.3 | 4.9 |
| High street shops | 5.8 | 6.0 | 5.8 | 5.8 |
| Non-high street shops | 6.5 | 6.7 | 6.5 | 6.6 |
| <i>Total</i> | 5.3 | 5.5 | 5.2 | 5.2 |

5 EPRA vacancy rate

| | 30 June 2014 | 31 December 2013 |
|--------------------------------|-----------------|---------------------|
| Netherlands | 5.0 | 3.3 |
| Belgium | 3.4 | 4.7 |
| France | 2.7 | 4.8 |
| Turkey | - | - |
| Spain/Portugal | - | - |
| <i>Total</i> | 3.5 | 3.5 |
| Premium city high street shops | 0.9 | 1.0 |
| High street shops | 5.7 | 5.7 |
| Non-high street shops | 6.2 | 5.7 |
| <i>Total</i> | 3.5 | 3.5 |

6 EPRA cost ratios

| | HY1 2014 | HY1 2013 |
|--|---------------|---------------|
| General expenses | 4,969 | 4,604 |
| Ground rents paid | 76 | 307 |
| Operating expenses | 5,130 | 6,157 |
| Net service charge expenses | 700 | 1,445 |
| less: | | |
| ground rents paid | (76) | (307) |
| <i>EPRA costs (including vacancy costs) (A)</i> | 10,799 | 12,206 |
| Vacancy costs | (749) | (1,871) |
| <i>EPRA costs (excluding vacancy costs) (B)</i> | 10,050 | 10,335 |
| Gross rental income less grounds rent paid (C) | 49,867 | 64,098 |
| (i) EPRA Cost Ratio (including vacancy costs) (A/C) | 21.7% | 19.0% |
| (ii) EPRA Cost Ratio (excluding vacancy costs) (B/C) | 20.2% | 16.1% |

FINANCIAL INTERIM REPORT 2014

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- Consolidated profit and loss account
- Consolidated statement of comprehensive income
- Consolidated balance sheet
- Consolidated statement of movements in equity
- Consolidated cash flow statement
- Notes to the consolidated financial interim report 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT (x € 1,000)

| | HY1 2014 | HY1 2013 |
|--|------------------------|------------------------|
| Net income from investment properties | | |
| Gross rental income | 49,943 | 64,405 |
| Ground rents paid | (76) | (307) |
| Net service charge expenses | (700) | (1,445) |
| Operating expenses | (5,130) | (6,157) |
| <i>Net rental income</i> | <u>44,037</u> | <u>56,496</u> |
| Value movements investment properties in operation | (6,857) | (12,826) |
| Value movements investment properties under renovation | 481 | - |
| Value movements investment properties in pipeline | (602) | (47) |
| <i>Total value movements investment properties</i> | <u>(6,978)</u> | <u>(12,873)</u> |
| Net result on disposals of investment properties | (998) | (3,026) |
| <i>Total net income from investment properties</i> | <u>36,061</u> | <u>40,597</u> |
| Expenditure | | |
| Financial income | 1,466 | 513 |
| Financial expenses | (14,608) | (17,888) |
| Value movements financial derivatives | (1,019) | 866 |
| Reclassification of unrealised results on financial derivatives from equity | (3,932) | (7,156) |
| <i>Net financing costs</i> | <u>(18,093)</u> | <u>(23,665)</u> |
| General expenses | (4,969) | (4,604) |
| <i>Total expenditure</i> | <u>(23,062)</u> | <u>(28,269)</u> |
| <i>Result before taxes</i> | <u>12,999</u> | <u>12,328</u> |
| Current income tax expense | (83) | (101) |
| Movement deferred tax assets and liabilities | (1,239) | 603 |
| <i>Total income tax</i> | <u>(1,322)</u> | <u>502</u> |
| <i>Result after taxes</i> | <u>11,677</u> | <u>12,830</u> |
| Result attributable to non-controlling interests | (2,295) | (13,563) |
| <i>Result attributable to Vastned Retail shareholders</i> | <u>9,382</u> | <u>(733)</u> |
| Per share (x € 1) | | |
| Result attributable to Vastned Retail shareholders | 0.49 | (0.04) |
| Diluted result attributable to Vastned Retail shareholders | 0.49 | (0.04) |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (x € 1,000)

| | HY1 2014 | HY1 2013 |
|--|----------------------|----------------------|
| Result | 11,677 | 12,830 |
| Items that have been or could be reclassified to the profit and loss account | | |
| Value movements financial derivatives directly recognised in equity | 3,237 | 12,265 |
| Reclassification of unrealised results on financial derivatives to profit-and-loss account | 3,932 | 7,156 |
| Translation differences on net investments | (80) | (101) |
| Taxes on items that have been or could be reclassified to the profit and loss account | - | 743 |
| <i>Other comprehensive result after taxes</i> | <u>7,089</u> | <u>20,063</u> |
| <i>Total comprehensive income</i> | <u>18,766</u> | <u>32,893</u> |
| Attributable to: | | |
| Vastned Retail shareholders | 16,417 | 19,057 |
| Non-controlling interests | 2,349 | 13,836 |
| | <u>18,766</u> | <u>32,893</u> |
| Per share (x € 1) | | |
| Total comprehensive income attributable to Vastned Retail shareholders | 0.87 | 1.00 |

CONSOLIDATED BALANCE SHEET (x € 1,000)

| | 30 June 2014 | 31 December 2013 | 30 June 2013 |
|---|------------------|---------------------|------------------|
| Assets | | | |
| Investment properties in operation | 1,481,278 | 1,531,860 | 1,764,532 |
| Investment properties under renovation | 2,310 | - | - |
| Accrued assets in respect of lease incentives | 3,245 | 2,702 | 4,966 |
| | <u>1,486,833</u> | <u>1,534,562</u> | <u>1,769,498</u> |
| Investment properties in pipeline | 1,235 | 1,890 | 50,803 |
| <i>Total investment properties</i> | 1,488,068 | 1,536,452 | 1,820,301 |
| | | | |
| Tangible fixed assets | 1,347 | 1,465 | 1,586 |
| Financial derivatives | 1,102 | 1,417 | 1,645 |
| Deferred tax assets | - | - | 172 |
| <i>Total fixed assets</i> | 1,490,517 | 1,539,334 | 1,823,704 |
| | | | |
| Assets held for sale | - | 157,943 | - |
| Debtors and other receivables | 4,737 | 7,844 | 29,588 |
| Income tax | 131 | 679 | 613 |
| Cash and cash equivalents | 8,783 | 5,133 | 6,645 |
| <i>Total current assets</i> | 13,651 | 171,599 | 36,846 |
| <i>Total assets</i> | 1,504,168 | 1,710,933 | 1,860,550 |
| | | | |
| Equity and liabilities | | | |
| Capital paid-up and called | 95,183 | 95,183 | 95,183 |
| Share premium reserve | 472,640 | 468,555 | 468,555 |
| Hedging reserve in respect of financial derivatives | (8,065) | (15,180) | (24,856) |
| Translation reserve | (5,390) | (3,870) | (2,565) |
| Other reserves | 217,087 | 335,713 | 353,823 |
| Result attributable to Vastned Retail shareholders | 9,382 | (89,036) | (733) |
| Equity Vastned Retail shareholders | <u>780,837</u> | <u>791,365</u> | <u>889,407</u> |
| Equity non-controlling interests | 78,963 | 81,258 | 125,049 |
| <i>Total equity</i> | 859,800 | 872,623 | 1,014,456 |
| | | | |
| Deferred tax liabilities | 9,801 | 8,583 | 11,247 |
| Provisions in respect of employee benefits | 3,792 | 4,061 | 4,143 |
| Long-term interest-bearing loans | 404,939 | 536,540 | 621,773 |
| Financial derivatives | 13,125 | 15,874 | 37,522 |
| Long-term tax liabilities | 2,256 | 2,256 | 561 |
| Guarantee deposits and other long-term liabilities | 3,678 | 7,158 | 7,097 |
| <i>Total long-term liabilities</i> | 437,591 | 574,472 | 682,343 |
| | | | |
| Payable to banks | 12,348 | 20,722 | 40,549 |
| Redemption long-term interest-bearing loans | 168,504 | 198,398 | 93,902 |
| Financial derivatives | 1,566 | 15,856 | 1,365 |
| Income tax | 1,700 | 1,708 | 516 |
| Other liabilities and accruals | 22,659 | 27,154 | 27,419 |
| <i>Total short-term liabilities</i> | 206,777 | 263,838 | 163,751 |
| <i>Total equity and liabilities</i> | 1,504,168 | 1,710,933 | 1,860,550 |

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY (x € 1,000)

| | Capital paid up and called | Share premium reserve | Hedging reserve in respect of financial derivatives | Translation reserve | Other reserves | Result attributable to Vastned Retail shareholders | Equity Vastned Retail shareholders | Equity non-controlling interests | Total equity |
|--|----------------------------|-----------------------|---|---------------------|----------------|--|------------------------------------|----------------------------------|--------------|
| Balance as at 1 January 2013 | 95,183 | 468,555 | (44,747) | (2,464) | 424,139 | (41,000) | 899,666 | 118,705 | 1,018,371 |
| Result | | | | | | (733) | (733) | 13,563 | 12,830 |
| Value movements financial derivatives | | | 12,735 | | | | 12,735 | 273 | 13,008 |
| Reclassification of unrealised results on financial derivatives to profit-and-loss account | | | 7,156 | | | | 7,156 | | 7,156 |
| Translation differences on net investments | | | | (101) | | | (101) | | (101) |
| <i>Total comprehensive income</i> | - | - | 19,891 | (101) | - | (733) | 19,057 | 13,836 | 32,893 |
| Final dividend for previous financial year in cash | | | | | | (29,316) | (29,316) | (7,492) | (36,808) |
| Contribution from profit appropriation | | | | | (70,316) | 70,316 | - | | - |
| <i>Balance as at 30 June 2013</i> | 95,183 | 468,555 | (24,856) | (2,565) | 353,823 | (733) | 889,407 | 125,049 | 1,014,456 |
| Balance as at 1 January 2014 | 95,183 | 468,555 | (15,180) | (3,870) | 335,713 | (89,036) | 791,365 | 81,258 | 872,623 |
| Result | | | | | | 9,382 | 9,382 | 2,295 | 11,677 |
| Value movements financial derivatives | | | 3,183 | | | | 3,183 | 54 | 3,237 |
| Reclassification of unrealised results on financial derivatives to profit-and-loss account | | | 3,932 | | | | 3,932 | | 3,932 |
| Translation differences on net investments | | | | (80) | | | (80) | | (80) |
| Reclassification | | | | (1,440) | 1,440 | | - | | - |
| <i>Total comprehensive income</i> | - | - | 7,115 | (1,520) | 1,440 | 9,382 | 16,417 | 2,349 | 18,766 |
| Equity component of convertible bond | | 4,085 | | | | | 4,085 | | 4,085 |
| Final dividend for previous financial year in cash | | | | | | (31,030) | (31,030) | (4,644) | (35,674) |
| Contribution from profit appropriation | | | | | (120,066) | 120,066 | - | | - |
| <i>Balance as at 30 June 2014</i> | 95,183 | 472,640 | (8,065) | (5,390) | 217,087 | 9,382 | 780,837 | 78,963 | 859,800 |

CONSOLIDATED CASH FLOW STATEMENT (x € 1,000)

| | HY1 2014 | HY1 2013 |
|---|------------------|------------------|
| Cash flow from operating activities | | |
| Result | 11,677 | 12,830 |
| Adjustments for: | | |
| Value movements investment properties | 6,978 | 12,873 |
| Net result on disposals of investment properties | 998 | 3,026 |
| Net financing costs | 18,093 | 23,665 |
| Income tax | 1,322 | (502) |
| <i>Cash flow from operating activities before changes in working capital and provisions</i> | 39,068 | 51,892 |
| Movement current assets | 833 | 566 |
| Movement short-term liabilities | (3,007) | (4,843) |
| Movement provisions | (342) | (286) |
| | 36,552 | 47,329 |
| Interest received | 1,462 | 28 |
| Interest paid | (16,130) | (17,867) |
| Income tax paid | 457 | (604) |
| <i>Cash flow from operating activities</i> | 22,341 | 28,886 |
| Cash flow from investment activities | | |
| Acquisitions of and capital expenditure on investment properties | (12,795) | (23,032) |
| Disposal of investment properties | 213,873 | 147,815 |
| <i>Cash flow from investment properties</i> | 201,078 | 124,783 |
| Movement tangible fixed assets | 118 | 9 |
| <i>Cash flow from investment activities</i> | 201,196 | 124,792 |
| Cash flow from financing activities | | |
| Dividend paid | (31,030) | (29,316) |
| Dividend paid to non-controlling interests | (4,646) | (7,491) |
| Interest-bearing loans drawn down | 107,838 | 9,977 |
| Interest-bearing loans redeemed | (277,543) | (125,111) |
| Settlement of financial derivatives | (14,506) | - |
| <i>Cash flow from financing activities</i> | (219,887) | (151,941) |
| Movement in cash and cash equivalents | | |
| Cash and cash equivalents as at 1 January | 5,133 | 4,908 |
| Exchange rate differences on cash and cash equivalents | - | - |
| <i>Cash and cash equivalents at end of period</i> | 8,783 | 6,645 |

NOTES TO THE CONSOLIDATED FINANCIAL INTERIM REPORT 2014

1. General

Vastned Retail N.V. ('Vastned'), with its registered office in Rotterdam, the Netherlands, is a property investment company whose shares are listed on Euronext Amsterdam.

Vastned Retail makes long-term investments in retail property, focusing on premium city high street shops. Investments are made on a smaller scale in high street shops in other cities and in shopping centres and retail warehouses. The investment properties are located in the Netherlands, Belgium, France, Turkey, Spain and Portugal.

The consolidated financial interim report of Vastned comprises Vastned and its subsidiaries (jointly referred to as 'the Group') and the interests the Group has in associates and entities over which it has joint control.

The consolidated financial interim report was drawn up by the board of management and authorised for publication by the Supervisory Board on 13 August 2014.

The consolidated financial interim report has not been audited.

2. Principles applied in the presentation of the consolidated financial interim report

The financial statements are presented in euros; amounts are rounded off to thousands of euros, unless stated differently.

This consolidated financial interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union. The consolidated financial interim report does not contain all the information required for full financial statements and therefore should be read in conjunction with the consolidated financial statements 2013.

The principles applied in the preparation of the consolidated financial interim report are consistent with the principles set out in the annual report for the 2013 financial year, with the exception of the application of new standards and interpretations described below.

Effect of new, amended and improved standards

The following new and amended standards and interpretations have come into effect for the current financial year.

- IAS 27 Separate Financial Statements

This standard contains provisions relating to the company financial statements. The amendments do not affect the presentation, the notes or the financial results of the Group.

- IAS 28 Investments in Associates and Joint Ventures

This standard describes how the reporting on the basis of net asset value must take place for investments in associates and joint ventures. The revisions do not affect the presentation, the notes or the financial results of the Group.

- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

This standard concerns the netting of financial fixed assets and financial liabilities. The amendments do not affect the presentation, the notes or the financial results of the Group. This standard concerns the netting of financial fixed assets and financial liabilities.

The amendments do not affect the presentation, the notes or the financial results of the Group.

- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

These amendments concern inter alia cancelling the disclosure requirement of the recoverable amount of every cash flow generating entity to which a significant amount of goodwill or intangible assets with an indefinite life has been allocated, as well as other disclosure requirements. The amendments do not affect the presentation, the notes or the financial results of the Group.

- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments concern the novation of derivatives designated as hedge instruments as the result of the transfer of the derivatives to a central counterparty. If certain conditions are met, the transfer does not result in discontinuation of hedge accounting for these derivatives. The amendments do not affect the presentation, the notes or the financial results of the Group.

- IFRS 10 Consolidated Financial Statements

This standard contains a new definition of control for the determination of which entities must be consolidated. It also describes the consolidation procedures. The amendments to this standard have resulted in an amendment to the principles used by the Group to determine whether entities in which the Group has invested must be consolidated under the definition. The revised standard has no effect on the scope of consolidation and the financial results of the Group.

- IFRS 11 Joint Arrangements

This standard describes the reporting of joint arrangements. There are two types of joint arrangements: joint operations and joint ventures. The classification is based on the structure of the agreement, the legal form of any separate vehicle, the contractual conditions and other facts and circumstances. The amendments do not affect the presentation, the notes or the financial results of the Group.

- IFRS 12 Disclosure of Interests in Other Entities

This standard contains disclosure requirements for all types of interests in entities, such as joint arrangements and associates. This standard has a limited effect on the notes.

- Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance

The amendments do not affect the presentation, the notes or the financial results of the Group.

- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities

The amendments do not affect the presentation, the notes or the financial results of the Group.

New or amended standards and interpretations not yet effective in 2014

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- IFRS 9 Financial Instruments and subsequent amendments (amendments to IFRS 9 and IFRS 7)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRIC Interpretation 21 Levies

In the preparation of the consolidated financial interim report, the essential judgments used by the board of management in the application of Vastned's principles for financial reporting and the main estimates are identical to the essential judgments and main estimates used in the 2013 annual accounts.

The actual results may deviate from these estimates.

3. Consolidation

On 31 January 2014, Vastned sold its subsidiary Hispania Retail Properties S,L, (holder of the Spanish shopping centres and the retail park) to a consortium consisting of Baupost LLC, GreenOak Real Estate and Grupo Lar. This company was not included in the consolidation of Vastned as of 1 February 2014.

Vastned holds a 65.5% interest in the property bevak Vastned Retail Belgium NV, which is based in Antwerp and listed on Euronext Brussels. The 34.6% share in the equity and result of this company attributable to non-controlling interests is shown separately in the balance sheet and the profit and loss account.

All other subsidiaries are fully owned and controlled by Vastned.

4. Segment information**HY1 2014**

| | Nether-lands | Belgium | France | Turkey | Spain/Portugal | Total |
|--|----------------|---------------|---------------|--------------|----------------|---------------|
| Net rental income | 17,728 | 9,712 | 8,305 | 3,526 | 4,766 | 44,037 |
| Value movements investment properties in operation | (19,413) | 613 | 9,797 | 1,379 | 767 | (6,857) |
| Value movements investment properties under renovation | - | - | 481 | - | - | 481 |
| Value movements investment properties in pipeline | (602) | - | - | - | - | (602) |
| Net result on disposals of investment properties | 338 | 179 | (1,515) | - | - | (998) |
| <i>Total net income from investment properties</i> | (1,949) | 10,504 | 17,068 | 4,905 | 5,533 | 36,061 |
| Net financing costs | | | | | | (18,093) |
| General expenses | | | | | | (4,969) |
| Income tax | | | | | | (1,322) |
| Non-controlling interests | | | | | | (2,295) |
| <i>Result attributable to Vastned shareholders</i> | | | | | | 9,382 |

| | Nether-lands | Belgium | France | Turkey | Spain/Portugal | Total |
|---|----------------|----------------|----------------|----------------|----------------|------------------|
| Investment properties in operation: | | | | | | |
| Balance as at 1 January | 620,402 | 361,300 | 358,948 | 127,807 | 63,403 | 1,531,860 |
| - Acquisitions | 11,916 | - | - | - | - | 11,916 |
| - Capital expenditure | 138 | 45 | 114 | 601 | 30 | 928 |
| - Transferred to investment properties under renovation | - | - | (1,900) | - | - | (1,900) |
| - Disposals | (3,980) | (3,709) | (46,980) | - | - | (54,669) |
| - Value movements | 628,476 | 357,636 | 310,182 | 128,408 | 63,433 | 1,488,135 |
| | (19,413) | 613 | 9,797 | 1,379 | 767 | (6,857) |
| Balance as at 30 June | 609,063 | 358,249 | 319,979 | 129,787 | 64,200 | 1,481,278 |
| Accrued assets in respect of lease incentives | 1,339 | 461 | 421 | 1,024 | - | 3,245 |
| <i>Appraisal value as at 30 June</i> | 610,402 | 358,710 | 320,400 | 130,811 | 64,200 | 1,484,523 |
| Investment properties under renovation | - | - | 2,310 | - | - | 2,310 |
| Investment properties in pipeline | 1,235 | - | - | - | - | 1,235 |
| <i>Investment properties</i> | 611,637 | 358,710 | 322,710 | 130,811 | 64,200 | 1,488,068 |

HY1 2013

| | Nether-lands | Belgium | France | Turkey | Spain/Portugal | Total |
|---|----------------|----------------|----------------|----------------|----------------|------------------|
| Net rental income | 21,306 | 9,937 | 11,848 | 1,970 | 11,435 | 56,496 |
| Value movements investment properties in operation | (15,725) | 28,379 | (3,964) | (127) | (21,389) | (12,826) |
| Value movements investment properties under renovation | - | - | - | - | - | - |
| Value movements investment properties in pipeline | (290) | | | 243 | | (47) |
| Net result on disposals of investment properties | (352) | (46) | (2,628) | - | - | (3,026) |
| <i>Total net income from investment properties</i> | 4,939 | 38,270 | 5,256 | 2,086 | (9,954) | 40,597 |
| Net financing costs | | | | | | (23,665) |
| General expenses | | | | | | (4,604) |
| Income tax | | | | | | 502 |
| Non-controlling interests | | | | | | (13,563) |
| <i>Result attributable to Vastned shareholders</i> | | | | | | (733) |
| | | | | | | |
| | Nether-lands | Belgium | France | Turkey | Spain/Portugal | Total |
| Investment properties in operation: | | | | | | |
| Balance as at 1 January | 716,550 | 330,862 | 471,507 | 80,035 | 327,759 | 1,926,713 |
| - Acquisitions | 16,194 | - | - | - | - | 16,194 |
| - Capital expenditure | 1,154 | 145 | 217 | 45 | 33 | 1,594 |
| - Transferred to investment properties under renovation | - | - | - | - | - | - |
| - Disposals | (14,202) | (1,684) | (151,257) | - | - | (167,143) |
| | 719,696 | 329,323 | 320,467 | 80,080 | 327,792 | 1,777,358 |
| - Value movements | (15,725) | 28,379 | (3,964) | (127) | (21,389) | (12,826) |
| Balance as at 30 June | 703,971 | 357,702 | 316,503 | 79,953 | 306,403 | 1,764,532 |
| Accrued assets in respect of lease incentives | 854 | 224 | 439 | 435 | 3,014 | 4,966 |
| <i>Appraisal value as at 30 June</i> | 704,825 | 357,926 | 316,942 | 80,388 | 309,417 | 1,769,498 |
| Investment properties under renovation | - | - | - | - | - | - |
| Investment properties in pipeline | 1,890 | - | - | 48,913 | - | 50,803 |
| <i>Investment properties</i> | 706,715 | 357,926 | 316,942 | 129,301 | 309,417 | 1,820,301 |

HY1 2014

| | Premium city high street shops | High street shops | Non-high street shops | Total |
|--|-----------------------------------|----------------------|--------------------------|---------------|
| Net rental income | 18,864 | 11,041 | 14,132 | 44,037 |
| Value movements investment properties in operation | 17,161 | (8,749) | (15,269) | (6,857) |
| Value movements investment properties under renovation | 481 | - | - | 481 |
| Value movements investment properties in pipeline | - | - | (602) | (602) |
| Net result on disposals of investment properties | (151) | (814) | (33) | (998) |
| <i>Total net income from investment properties</i> | 36,355 | 1,478 | (1,772) | 36,061 |
| Net financing costs | | | | (18,093) |
| General expenses | | | | (4,969) |
| Income tax | | | | (1,322) |
| Non-controlling interests | | | | (2,295) |
| <i>Result attributable to Vastned shareholders</i> | | | | 9,382 |

| | Premium city high street shops | High street shops | Non-high street shops | Total |
|---|-----------------------------------|----------------------|--------------------------|------------------|
| Investment properties in operation: | | | | |
| Balance as at 1 January | 786,036 | 386,983 | 358,841 | 1,531,860 |
| - Acquisitions | 10,091 | 1,825 | - | 11,916 |
| - Capital expenditure | 737 | 10 | 181 | 928 |
| - Transferred to investment properties under renovation | (1,900) | - | - | (1,900) |
| - Disposals | (8,555) | (34,017) | (12,097) | (54,669) |
| | <u>786,409</u> | <u>354,801</u> | <u>346,925</u> | <u>1,488,135</u> |
| - Value movements | 17,161 | (8,749) | (15,269) | (6,857) |
| Balance as at 30 June | 803,570 | 346,052 | 331,656 | 1,481,278 |
| Accrued assets in respect of lease incentives | 2,117 | 599 | 529 | 3,245 |
| <i>Appraisal value as at 30 June</i> | 805,687 | 346,651 | 332,185 | 1,484,523 |
| Investment properties under renovation | 2,310 | - | - | 2,310 |
| Investment properties in pipeline | - | - | 1,235 | 1,235 |
| <i>Investment properties</i> | 807,997 | 346,651 | 333,420 | 1,488,068 |

HY1 2013

| | Premium city high street shops | High street shops | Non-high street shops | Total |
|--|-----------------------------------|----------------------|--------------------------|---------------|
| Net rental income | 15,410 | 12,417 | 28,669 | 56,496 |
| Value movements investment properties in operation | 10,277 | (2,176) | (20,927) | (12,826) |
| Value movements investment properties under renovation | - | - | - | - |
| Value movements investment properties in pipeline | 243 | - | (290) | (47) |
| Net result on disposals of investment properties | 12 | (1,349) | (1,689) | (3,026) |
| <i>Total net income from investment properties</i> | 25,942 | 8,892 | 5,763 | 40,597 |
| Net financing costs | | | | (23,665) |
| General expenses | | | | (4,604) |
| Income tax | | | | 502 |
| Non-controlling interests | | | | (13,563) |
| <i>Result attributable to Vastned shareholders</i> | | | | (733) |

| | Premium city high street shops | High street shops | Non-high street shops | Total |
|---|-----------------------------------|----------------------|--------------------------|------------------|
| Investment properties in operation: | | | | |
| Balance as at 1 January | 627,008 | 419,388 | 880,317 | 1,926,713 |
| - Acquisitions | 16,194 | - | - | 16,194 |
| - Capital expenditure | 549 | 154 | 891 | 1,594 |
| - Transferred to investment properties under renovation | - | - | - | - |
| - Disposals | (3,153) | (14,520) | (149,470) | (167,143) |
| | 640,598 | 405,022 | 731,738 | 1,777,358 |
| - Value movements | 10,277 | (2,176) | (20,927) | (12,826) |
| Balance as at 30 June | 650,875 | 402,846 | 710,811 | 1,764,532 |
| Accrued assets in respect of lease incentives | 1,045 | 459 | 3,462 | 4,966 |
| <i>Appraisal value as at 30 June</i> | 651,920 | 403,305 | 714,273 | 1,769,498 |
| Investment properties under renovation | - | - | - | - |
| Investment properties in pipeline | 48,913 | - | 1,890 | 50,803 |
| <i>Investment properties</i> | 700,833 | 403,305 | 716,163 | 1,820,301 |

5. Dividend

On 29 May 2014, the final dividend for the 2013 financial year was made payable. The dividend was € 1.63 per share in cash. This dividend payment totalled € 31.0 million.

6. Fair value

For the determination of fair value, reference is made to the 2013 annual accounts. In the first half year of 2014, no changes occurred in the principles for the determination of fair value. Nor were any financial assets reclassified to a different level in the first half of 2014.

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

| | Level | Book value | 30 June 2014 Fair value | 31 December 2013 Book value | 31 December 2013 Fair value |
|--|-------|------------|----------------------------|--------------------------------|--------------------------------|
| Assets valued at fair value | | | | | |
| Investment properties | | | | | |
| Investment properties in operation (including accrued assets in respect of lease incentives) | 3 | 1,484,523 | 1,484,523 | 1,534,562 | 1,534,562 |
| Investment properties under renovation | 3 | 2,310 | 2,310 | - | - |
| Investment properties in pipeline | 3 | 1,235 | 1,235 | 1,890 | 1,890 |
| Fixed assets | | | | | |
| Financial derivatives | 2 | 1,102 | 1,102 | 1,417 | 1,417 |
| Current assets | | | | | |
| Assets held for sale | 3 | - | - | 157,943 | 157,943 |
| Debtors and other receivables | 2 | 4,737 | 4,737 | 7,844 | 7,844 |
| Cash and cash equivalents | 2 | 8,783 | 8,783 | 5,133 | 5,133 |
| Liabilities valued at fair value | | | | | |
| Long-term liabilities | | | | | |
| Long-term interest-bearing loans | 2 | 404,939 | 424,850 | 536,540 | 545,833 |
| Financial derivatives | 2 | 13,125 | 13,125 | 15,874 | 15,874 |
| Guarantee deposits and other long-term liabilities | 2 | 3,678 | 3,678 | 7,158 | 7,158 |
| Short-term liabilities | | | | | |
| Payable to banks | 2 | 12,348 | 12,348 | 20,722 | 20,722 |
| Redemption long-term interest-bearing loans | 2 | 168,504 | 168,504 | 198,398 | 198,398 |
| Financial derivatives | 2 | 1,566 | 1,566 | 15,856 | 15,856 |
| Other liabilities and accruals | 2 | 22,659 | 22,659 | 27,154 | 27,154 |

7. Investment properties

The appraisal of the property portfolio resulted in a net yield (purchasing costs payable by the vendor) of 5.5% (31 December 2013: 5.6%). A 50 basis point increase in the net initial yields used in the appraisal values will result in a € 125.6 million or 8.0% decrease in the value of the property (31 December 2013: € 126.0 or 8.2%) and a 363 basis point increase in the loan-to-value ratio (31 December 2013: 358 basis points).

8. Interest-bearing debts

| | 30 June 2014 | 31 December 2013 |
|-------------------------------|-----------------|---------------------|
| Long-term liabilities | | |
| Secured loans | 204 | 212 |
| Unsecured loans | 300,701 | 536,328 |
| Convertible bond | 104,034 | - |
| | 404,939 | 536,540 |
| Short-term liabilities | | |
| Payable to banks | 12,348 | 20,722 |
| Redemption long-term loans | 168,504 | 198,398 |
| | 180,852 | 219,120 |
| Total | 585,791 | 755,660 |

In the first half year of 2014, Vastned issued a convertible bond totalling € 110 million with a fixed annual coupon of 1.875%. The bonds are 'senior' and 'unsecured' and will be convertible into Vastned shares, subject to Vastned's option to elect to make a payment in cash in lieu of delivery of shares in part or in whole. The initial conversion price will be € 46.19. Unless they are redeemed, converted or repurchased and cancelled before maturity, the principal of the bonds will be redeemed on 10 April 2019. The equity component was set at € 4.1 million, which was added to equity.

9. Events after balance sheet date

Since balance sheet date, no events have occurred that affect this consolidated interim financial report.

10. Related parties transactions

Except with respect to the issues described below, no material changes occurred in the first half year of 2014 in the nature, scale or volume of transactions with related parties compared to what was set out in the notes to the 2013 annual accounts.

During the first half of 2014, none of the members of the Supervisory Board and board of management of Vastned had a personal interest in Vastned investments, To Vastned's best knowledge, no property transactions were effected during the period under review involving persons or institutions that could be regarded as parties with direct interests in Vastned.

Interests of major investors

The AFM has received the following notifications from shareholders holding an interest in Vastned exceeding three percent:

| | |
|--|-------|
| Commonwealth Bank of Australia | 5.79% |
| FMR LLC | 5.05% |
| JP Morgan Asset Management Holdings Inc. | 4.91% |
| APG Asset Management N.V. | 4.86% |
| ING Fund Management B.V. | 3.06% |
| BlackRock. Inc. | 3.02% |