

PRESS RELEASE

# 2017 ANNUAL RESULTS

*Vastned presents strong results due to successful strategy*

**Key points 2017**

- Occupancy rate of total portfolio up to 98.1% (core city assets: 99.6%)
- Like-for-like gross rental growth of 1.3% for the full portfolio and 3.1% for core city assets
- Value increase of the portfolio of € 71.3 million; value increase of core city assets of € 77.6 million (excluding acquisitions and divestments)
- Core city assets expanded by € 37.6 million
- Divestments in 2017 totalled: € 122.8 million, including complete Turkish portfolio
- Part of the revenue of the divestment of the Turkish portfolio was used for a share buy-back of 849.846 shares for € 30.1 million
- UNIQLO and John Fluevog choose Vastned locations in Amsterdam for their first Dutch stores
- Loan-to-value ratio at 38.8% within the desired range of 35%-45%
- 2017 direct result higher than expected at € 2.22 per share
- Vastned intends to make a takeover bid of € 57.50 per share in cash for all Vastned Retail Belgium NV shares it does not yet hold
- In January 2018, Vastned sold rue Saint-Jean 44-45 in Nancy for € 34.2 million
- Expected 2018 direct result: € 2.10 - € 2.20 per share

**Amsterdam, 14 February 2018 - Vastned, the listed European retail property company focusing on 'venues for premium shopping', realised a direct result of € 2.22 per share for 2017, which is above the guidance of between € 2.10 and 2.20 per share. For 2018 Vastned again expects a direct result of between € 2.10 - € 2.20 per share.**

*"Taco de Groot, Vastned CEO: 'Our strategy has clearly borne fruit in 2017. The occupancy rate of our portfolio rose further and was 98.1% at year-end 2017 and the core city assets were almost fully let at 99.6%. The other two key indicators were also positive, with 1.3% like-for-like gross rental income growth and a 4.8% value increase of the total portfolio.*

*In order to keep improving the quality of the portfolio and the results, we sold non-strategic assets totalling approx. € 123 million in 2017. The biggest divestment was the Istanbul portfolio. In addition, a number of properties in the Netherlands, France and Belgium were sold. At the same time we acquired core city assets in the historical inner cities of Amsterdam, Antwerp, Paris and Utrecht for approx. € 38 million, and the share of core city assets rose to 79% of the total portfolio.*

*Due to the favourable investment climate, we are positive on the realisation of the last phase of the transition, being the divestment of the remaining non-strategic assets in the Netherlands, as announced early last year. Furthermore, we will continue to make well-considered acquisitions if they add value, as you have come to expect from us.*

*In addition, in January we announced our intention to make a takeover bid of € 57.50 in cash for all shares in Vastned Retail Belgium that we do not yet hold. This ongoing integration will help to create an even simpler and more effective organisation.*

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*As we sold more than we bought in 2017, the rental income in 2018 will initially be lower. We believe, however, that we can issue the same guidance for the direct result as at the start of 2017, i.e. between € 2.10 and € 2.20 per share.'*

### Key parameters

Due to the rotation in the portfolio through acquisitions and divestments over the past few years, the quality and correspondingly the results of the total portfolio have improved sharply.

Last year, the core city assets showed positive results on all key parameters. The core city assets were virtually fully let with an occupancy rate of 99.6%, realised 3.1% like-for-like gross rental growth and increased in value by 6.8% in 2017.

in %	Core city assets	Mixed retail locations	Total
Occupancy rate	99.6	95.1	98.1
Like-for-like rent growth	3.1	(1.8)	1.3
Value movement*	6.8	(1.9)	4.8
Value at year-end 2017 (€ million)	1,260	332	1,592

\*Excluding acquisitions and divestments

### Portfolio breakdown

(€ million)	Core city assets	Mixed retail locations	Total
Netherlands	508	170	678
France	429	5	434
Belgium	235	154	389
Spain	88	3	91
Total	1,260	332	1,592

### Occupancy rate

In 2017, the occupancy rate of both the core city assets and the mixed retail locations rose further. The core city assets were virtually fully let (99.6%) while the mixed retail locations were 95.1% let, taking the occupancy rate for the total portfolio to 98.1% at year-end 2017. Vastned considers the high occupancy rate as evidence of the attractiveness of its property.

### Development of occupancy rate in 2017 (in %)

Country	Netherlands		France		Belgium		Spain/ Portugal		Turkey		Total	
	Year-end 2017	Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017	Year-end 2016
Core city assets	99.6	99.1	99.3	98.6	99.9	99.2	100.0	100.0	n/a	99.6	99.6	99.1
Mixed retail Locations	93.7	92.3	83.7	88.3	98.4	97.6	100.0	100.0	n/a	n/a	95.1	93.9
<b>Total</b>	<b>97.1</b>	95.8	<b>98.4</b>	97.9	<b>99.1</b>	98.5	<b>100.0</b>	100.0	n/a	99.6	<b>98.1</b>	97.3

## PRESS RELEASE

## Development of occupancy rate in Q4 2017 (in %)

Country	Netherlands		France		Belgium		Spain		Total	
	Q4 2017	Q3 2017	Q4 2017	Q3 2017	Q4 2017	Q3 2017	Q4 2017	Q3 2017	Q4 2017	Q3 2017
Core city assets	99.6	99.7	99.3	99.3	99.9	100.0	100.0	100.0	99.6	99.6
Mixed retail locations	93.7	92.2	83.7	82.3	98.4	97.8	100.0	100.0	95.1	93.8
<b>Total</b>	<b>97.1</b>	<b>96.3</b>	<b>98.4</b>	<b>98.2</b>	<b>99.1</b>	<b>98.9</b>	<b>100.0</b>	<b>100.0</b>	<b>98.1</b>	<b>97.6</b>

## Leasing activity

In 2017, Vastned concluded 97 leases for a total annual amount of € 7.4 million, or 9.4% of the total theoretical annual gross rental income. For comparison in 2016, Vastned concluded 102 leases for a total annual amount of € 10.0 million, or 11.2% of the total theoretical annual gross rental income. Vastned realised a 10.4% rent increase on the 25 leases concluded for core city assets. The other 72 leases were concluded for mixed retail locations, predominantly in the Netherlands. On these leases, rents declined on average by 10.1%.

In Q4 2017 Vastned concluded nineteen leases, six for core city assets and thirteen for mixed retail locations. Vastned realised a 12.5% rent increase on leases concluded for core city assets. This rise amply offset the 7.6% decrease of the leases concluded for mixed retail locations.



Choorstraat 13, Utrecht

The portfolio rotation is bearing fruit. On the total portfolio, Vastned realised a rent increase of 4.1% in Q4 2017. Over the past few months, leases were concluded with retailers including John Fleuvog, Essential Antwerp, and Hunkemöller. John Fleuvog is a Canadian footwear retailer that has opened its first Dutch flagship store on Heiligeweg 37 in Amsterdam.

By expanding the share of core city assets and selling certain mixed retail locations assets Vastned will raise the quality of the total portfolio further still, and the positive results of the core city assets will drive the overall results.

	Leasing activity				Change in rental income on the leases signed	
	Q4 € in million	% of TGOI	YTD € in million	% of TGOI	Q4 %	YTD %
Core city assets	0.6	0.8	3.6	4.5	12.5	10.4
Mixed retail locations	0.4	0.5	3.8	4.9	(7.6)	(10.1)
<b>Total</b>	<b>1.0</b>	<b>1.3</b>	<b>7.4</b>	<b>9.4</b>	<b>4.1</b>	<b>(1.3)</b>

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**Lease incentives**

Lease incentives, such as rent-free periods, lease discounts and other contributions to tenants, averaged 2.2% in 2017 which is equal to 2016. The difference between the actual and the IFRS lease incentives is straightlining of lease incentives. In actual amounts the difference in lease incentives was € 0.1 million lower; year-end 2017: € 1.8 million compared to € 1.9 million at year-end 2016.

As a % of gross rental income	2017		2016	
	Actual	IFRS	Actual	IFRS
Core city assets	2.6	2.2	2.3	2.1
Mixed retail locations	2.7	2.3	2.4	2.4
<b>Total</b>	<b>2.6</b>	<b>2.2</b>	<b>2.3</b>	<b>2.2</b>

**Value movements\***

The value of the property portfolio excluding acquisitions and divestments rose by € 71.3 million, or 4.8%, compared to year-end 2016. The increase was due to the value increase of the core city assets of € 77.6 million, or 6.8%, which amply compensated for the € 6.3 million decrease on the mixed retail locations.

Value movements 2017	in € mln	in %
Core city assets	77.6	6.8
Mixed retail locations	(6.3)	(1.9)
<b>Total</b>	<b>71.3</b>	<b>4.8</b>

\*Excluding acquisitions and divestments

**Acquisitions**

Vastned has expanded its core city asset portfolio further by making acquisitions for a total amount of € 37.6 million.

In Amsterdam Ferdinand Bolstraat 47-49 (€ 4.1 million including acquisition costs) and Spuistraat 3E/Nieuwezijds Voorburgwal 24 (€ 1.5 million including acquisition costs) were acquired. The double core city asset at Ferdinand Bolstraat 47-49 is leased to concept store Circle of Trust. The floor area of this double retail unit is over 200 square metres. The four apartments above the shop were also purchased. The food and beverage unit at Spuistraat 3E/Nieuwezijds Voorburgwal 24 is leased by grill restaurant Gauchos.

In Antwerp Vastned acquired three adjoining core city assets at Steenhouwersvest 44-48 for € 6.4 million including acquisition costs. The retail area of these three shops is leased to Diane von Furstenberg, Damoy and Le Pain Quotidien. The five apartments on the floors above were also acquired, and let after a complete renovation.

In Paris Vastned expanded its cluster in Le Marais with rue des Francs Bourgeois 29 (€ 15.8 million including acquisition costs) and rue des Rosiers 19 (€ 4.0 million including acquisition costs).



Steenhouwersvest 44-48, Antwerp

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Rue des Francs Bourgeois 29 consisted of a showroom and retail space, which Vastned has converted to a single retail area of approx. 200 square metres. When this was completed, Nespresso opened its new concept store here. Rue des Rosiers 19 has a retail floor area of approx. 76 square metres and is let to Spanish men's fashion retailers Scalpers.

Furthermore, at the end of 2017 Vastned acquired the food and beverage property at Vismarkt 4 in Utrecht, which is let to Coffeecompany, for € 1.9 million including acquisition costs and Vredenburg 1 in Utrecht was acquired for € 3.9 million.

**Divestments**

As part of its strategy, in 2017 Vastned divested non-strategic assets for a total amount of € 122.8 million. The biggest divestment was the divestment of the complete Turkish portfolio that consisted of nine core city assets in Istanbul; various properties in the Netherlands, France and Belgium were also sold for € 27.1 million in total.

**REVIEW OF THE 2017 FINANCIAL RESULTS**

The table below itemises the 2017 financial results:

<b>2017 Financial results</b> ( x € 1,000 )	<b>Direct result</b>	<b>Indirect result</b>	<b>Total result</b>
Result from continuing operations	39,478	53,510	92,988
Result from discontinued operations	1,656	1	1,657
Result attributable to Vastned Retail shareholders	41,134	53,511	94,645
Result attributable to non-controlling interests	4,614	7,350	11,964
	45,748	60,861	106,609

**Result from discontinued operations**

As the former Turkish activities qualify as 'discontinued operations', the results from these activities are recognised separately in the income statement. The comparative figures for 2016 have been adjusted accordingly.

**2017 result attributable to Vastned Retail shareholders**

The result is comprised of the direct and the indirect result, and was € 94.6 million positive in 2017 (2016: € 26.4 million positive). The main reason for this higher result was the increase of the indirect result from € 19.7 million negative in 2016 to € 53.5 million positive in 2017. This was caused mainly by positive value movements. The direct result fell from € 46.1 million in 2016 to € 41.1 million in 2017 due to lower net rental income and discontinued operations in Turkey.

**Direct result attributable to Vastned Retail shareholders**

Due to the sale of the entire Turkish portfolio and the divestments in mainly the Dutch portfolio the direct result decreased from € 46.1 million in 2016 to € 41.1 million in 2017. These divestments were in line with the strategy of further raising the quality of the total property portfolio.

**Indirect result attributable to Vastned Retail shareholders**

The indirect result in 2017 was € 53.5 million positive, against € 19.7 million negative in 2016. The increase was mainly due to value increases in 2017.

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In 2017, the value of the total property portfolio, taking into account a debit entry for acquisition costs, rose by € 64.1 million. The value of the core city assets increased by € 78.0 million, while the value of the mixed retail locations fell by € 13.9 million.

**DEVELOPMENT RENTAL INCOME**  
 2017 (X € 1,000)

<b>Core city assets</b>	<b>Nether-lands</b>	<b>France</b>	<b>Bel-gium</b>	<b>Spain/Portugal</b>	<b>Total continuing operations</b>	<b>Dis-continued operations</b>	<b>Total</b>
Gross rental income 2016	20,637	15,197	9,442	2,250	47,526	8,171	55,697
Aquisitions	336	865	105	802	2,108	-	2,108
Divestments	(661)	-	-	-	(661)	(6,320)	(6,981)
Like-for-like-rental growth	368	550	441	96	1,455	-	1,455
Gross rental income 2017	20,680	16,612	9,988	3,148	50,428	1,851	52,279
Operating expenses	(2,532)	(972)	(796)	(218)	(4,518)	(40)	(4,558)
Net rental income 2017	18,148	15,640	9,192	2,930	45,910	1,811	47,721
Net rental income 2016	18,209	13,910	8,815	2,082	43,016	7,710	50,726
Operating expenses in % from gross rental income 2017	12.2%	5.9%	8.0%	6.9%	9.0%	-	8.7%
Operating expenses in % from gross rental income 2016	11.8%	8.5%	6.6%	7.5%	9.5%	5.6%	8.9%
<b>Mixed retail assets</b>	<b>Nether-lands</b>	<b>France</b>	<b>Bel-gium</b>	<b>Spain/Portugal</b>	<b>Total continuing operations</b>	<b>Dis-continued operations</b>	<b>Total</b>
Gross rental income 2016	21,850	1,263	9,458	1,202	33,773	-	33,773
Aquisitions	-	-	-	-	-	-	-
Divestments	(4,893)	-	(292)	(1,028)	(6,213)	-	(6,213)
Like-for-like-rental growth	(556)	(244)	289	3	(508)	-	(508)
Gross rental income 2017	16,401	1,019	9,455	177	27,052	-	27,052
Operating expenses	(1,978)	(355)	(784)	(7)	(3,124)	-	(3,124)
Net rental income 2017	14,423	664	8,671	170	23,928	-	23,928
Net rental income 2016	17,908	836	8,529	1,056	28,329	-	28,329
Operating expenses in % from gross rental income 2017	12.1%	34.8%	8.3%	4.0%	11.5%	-	11.5%
Operating expenses in % from gross rental income 2016	18.0%	33.8%	9.8%	12.1%	16.1%	-	16.1%

## PRESS RELEASE

Total	Nether-lands	France	Bel-gium	Spain/Portugal	Total continuing operations	Dis-continued operations	Total
Gross rental income 2016	42,487	16,460	18,900	3,452	81,299	8,171	89,470
Aquisitions	336	865	105	802	2,108	-	2,108
Divestments	(5,554)	-	(292)	(1,028)	(6,874)	(6,320)	(13,194)
Like-for-like-rental growth	(188)	306	730	99	947	-	947
Gross rental income 2017	37,081	17,631	19,443	3,325	77,480	1,851	79,331
Operating expenses	(4,510)	(1,327)	(1,580)	(225)	(7,642)	(40)	(7,682)
Net rental income 2017	32,571	16,304	17,863	3,100	69,838	1,811	71,649
Net rental income 2016	36,117	14,746	17,344	3,138	71,345	7,710	79,055
Operating expenses in % from gross rental income 2017	12.2%	7.5%	8.1%	6.8%	9.9%	-	9.7%
Operating expenses in % from gross rental income 2016	15.0%	10.3%	8.2%	9.1%	12.2%	5.6%	11.6%

**NET INCOME FROM PROPERTY****Gross rental income**

The gross rental income was € 77.5 million in 2017 compared to € 81.3 million in 2016. The table on page 6 and 7 presents a breakdown by country.

*- Acquisitions (€ 2.1 million increase)*

Due to acquisitions in France, Spain, the Netherlands and Belgium Vastned increased its gross rental income by € 2.1 million compared to 2016.

In France, Paris core city assets rue des Francs Bourgeois 29 and rue des Rosiers 19 were acquired in 2017; these properties together with the properties rue des Archives 21, rue de Rennes 146 and rue Vieille du Temple 26, also in Paris, generated a rise of the gross rental income in France of € 0.9 million.

In Spain the acquisition of two core city assets (Calle José Ortega y Gasset 15 and Calle de Fuencarral 37) in Madrid at the end of 2016 resulted in a € 0.8 million increase of the gross rental income.

Another € 0.3 million of the increase was due to additional gross rental income from various acquisitions in Amsterdam and Utrecht in the Netherlands in 2016 and 2017.

*- Divestments (€ 6.9 million decrease)*

In line with the core city asset strategy Vastned sold € 122.7 million (€ 27.1 million excluding Turkey) in property in 2017; in 2016, property was sold for € 94.9 million. This improved the quality of the portfolio, but caused the gross rental income to fall by € 6.9 million compared to 2016. Of the decrease, € 5.6 million was due to property divestments in the Netherlands, of which € 0.9 million was due to retail properties sold in 2017. The remaining € 4.7 million of the decrease was due to divestments made in 2016.

## PRESS RELEASE

In Spain, in March 2016 the retail warehouse in Castellón de la Plana was sold, followed in December 2016 by the entire Portuguese property portfolio, resulting in a € 1.0 million decrease of the gross rental income in Spain and Portugal.

As a result of the divestment of Gasthuisstraat 5-7 in Turnhout in September 2016 the gross rental income in Belgium fell by € 0.3 million.

– *Like-for-like rental growth (€ 0.9 million increase)*

The like-for-like rental growth of the gross rental income was € 0.9 million positive.

As the table on page 6 and 7 shows, the like-for-like gross rental growth for core city assets was € 1.4 million positive. The like-for-like gross rental growth of the mixed retail locations segment was € 0.5 million negative. Positive like-for-like gross rental growth of 3.1% for core city assets resulted in like-for-like gross rental growth of 1.3% for the total portfolio.

### **Operating expenses (including ground rents and net service charge expenses)**

The total operating expenses decreased from € 9.9 million in 2016 to € 7.6 million in 2017. Operating expenses fell by € 1.1 million due to divestments of non-strategic assets in the Netherlands, Spain and Portugal, but increased by € 0.2 million as a result of acquisitions of core city assets in the Netherlands, France, Belgium and Spain. On a like-for-like basis, the operating expenses decreased by € 1.4 million due to lower maintenance costs, lower allocations to the provision for doubtful debtors and the release of a provision made for doubtful debtors.

The operating expenses equalled 9.9% of the gross rental income (2016: 12.2%). Core city assets had lower operating expenses (9.0%) than mixed retail locations (11.5%).

### **Value movements property**

The value movements, taking property acquisition costs into account, were € 64.1 million positive in 2017 (2016: € 17.9 million positive). The value movements consisted of value increases of the core city assets of € 77.8 million and value movements of the mixed retail locations of € 13.7 million negative in total.

The French, Belgian and Spanish property portfolios showed value increases of € 31.2 million, € 20.7 million and € 4.0 million respectively.

The property portfolio in the Netherlands rose € 8.2 million in value. The value movements in the Dutch property portfolio consisted of the positive value movements of the core city assets of € 31.5 million and the value decreases of the mixed retail locations of € 23.3 million.

### **Net result on disposals of property**

In 2017, Vastned sold investment properties totalling € 27.1 million (excluding Turkey). Of these divestments, the Dutch property portfolio accounted for € 26.5 million; in Belgium non-strategic assets were sold for € 0.6 million.

The net result on the divestments realised in 2017 after deduction of sales costs was € 1.9 million negative.



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**EXPENDITURE****Net financing costs**

The net financing costs including value movements of financial derivatives decreased from € 20.4 million in 2016 to € 16.0 million in 2017. The development of the net financing costs is detailed in the table below.

**Development net financing costs**

(in € million)

Net financing costs 2016	20.4
Decrease due to on average lower interest bearing loans	(1.7)
Increase on balance due to lower average interest rate and changes in fixed/floating and working capital	0.4
Value movements financial derivatives	(3.1)
<b>Net financing costs 2017</b>	<b>16.0</b>



Calle José Ortega y Gasset 15, Madrid

The net financing costs fell due to lower average interest-bearing debts resulting from divestments. The average interest rate rose by 6 basis points from 2.67% in 2016 to 2.73% in 2017, which pushed up interest expenses by € 0.5 million. The cause of the increase was that means released by divestments were used to redeem floating-interest debts.

As a result of the changed market interest rate, the value movements of the interest rate derivatives were € 2.3 million positive (2016: € 0.8 million negative).

**General expenses**

The general expenses in 2017 came to € 8.2 million, virtually unchanged from 2016.

**Current income tax expense**

The income tax payable on the reporting period for the regularly taxed entities in the Netherlands, Belgium and Spain was € 0.1 million (2016: € 0.5 million). The € 0.4 million decrease was caused by non-recurring lower tax expenses of the regularly taxed entities in the Netherlands, and the sale of the entity in Portugal at the end of 2016.

**Movement deferred tax assets and liabilities**

The movement deferred tax assets and liabilities was € 2.7 million negative in 2017 (2016: € 0.2 million negative). The allocation to the deferred tax assets and liabilities in 2017 was due mainly to value increases of the core city assets in Spain and the value increase of a core city asset in the Netherlands that is held by a regularly taxed entity.

**Result from discontinued operations**

The direct result from the discontinued business operations in Turkey fell by € 4.9 million in 2017 compared to 2016 due to the sale of these activities. The net result on divestments of investment properties was € 5.7 million positive and the Translation differences net investments reserve of € 5.7 million negative included in equity was transferred to the income statement, so that the indirect result from discontinued business operations in 2017 was nil.

**FINANCING STRUCTURE**

Financing is a one of the cornerstones of Vastned's strategy. Vastned aims for a conservative financing structure, with a loan-to-value ratio of between 35% and 45% and diversification of financing sources, e.g. by placing long-term bond loans

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with institutional investors (such as 'private placements').

During 2017, Vastned extended the duration of its existing € 375 million syndicated loan facility by one year to February 2023. In addition, Vastned refinanced the entire loan portfolio of Vastned Retail Belgium in 2017, whereby the average duration of the credit facilities was extended and the average interest rate decreased.

As at 31 December 2017, Vastned's balance sheet showed a healthy financing structure with a loan-to-value ratio of 38.8% (year-end 2016: 41.8%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 59.2% (year-end 2016: 56.1%).

With a solvency of 59.2% and an interest coverage ratio of 3.9, Vastned Retail complies with all the loan covenants. All financing contracts stipulate a 45% minimum solvency rate 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.

### Loan portfolio year-end 2017

Year-end 2017 (in € million):	Fixed interest rate	Floating interest rate	Total	% of total
Long term debt	485.0	123.6	608.6	98.8
Short term debt	0.1	7.2	7.3	1.2
	485.1	130.8	615.9	100.0
% of total	78.8	21.2	100.0	

1) Interest derivatives taken into account.

### DIVIDEND 2017

The Annual General Meeting of 20 April 2017 declared a dividend for the 2016 financial year of € 2.05 per share, which was charged to the freely distributable reserves. In August 2016, an interim dividend of € 0.73 per share had already been distributed, so the final dividend came to € 1.32 per share.

In accordance with the dividend policy, on 21 August 2017 60% of the direct result for the first half year of 2017, or € 0.64 per share, was distributed as interim dividend.

In the Annual General Meeting of shareholders of 19 April 2018, Vastned will propose to declare a dividend for the 2017 financial year of € 2.05 per share, unchanged from 2016 and 2015. Taking the interim dividend of € 0.64 into account, a final dividend will be declared of € 1.41 per share. The final dividend will be made payable on 8 May 2018.

### EVENTS AFTER BALANCE SHEET DATE

UNIQLO's first store in the Netherlands was a scoop for Vastned. As of 1 February 2018, UNIQLO is the new tenant of Kalverstraat 11/Rokin 12, which was occupied by Forever 21 until the end of January 2018. UNIQLO will lease the same space as Forever 21 except for one floor. That floor will be turned into office space and be let shortly as well.

Furthermore, in January 2018 Vastned sold rue Saint-Jean 44-45 in Nancy for € 34.2 million including sales costs. This was 14.2% above the book value as at 30 June 2017. The property has a surface of approx. 4,800 square metres on five floors. It is occupied by various office and retail tenants, including H&M, Desigual and Calzedonia. This core city asset was let for

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96.4%, but approx. 10% above market rents.

On 14 January 2018, Vastned announced its intention to make a voluntary and conditional public takeover offer of € 57.50 per share in cash for all the shares in Vastned Retail Belgium NV that it does not yet hold. Due to a change in the law it has become possible to hold a non-listed property company in Belgium with the same tax-friendly status. Cancelling the stock exchange listing allows Vastned to save costs, which in turn enables Vastned to offer Vastned Retail Belgium NV shareholders an attractive premium. Integrating the two companies further will result in a simpler and more effective organisational structure.

### OUTLOOK 2018

Continuity is what 2018 will be about at Vastned. Vastned will execute the strategy step by step, aiming to expand the property clusters in the five selected European cities. Next to acquisitions Vastned is positive on the realisation of the last phase of the transition, being the divestment of the remaining non-strategic assets in the Netherlands, as announced early 2017 in the context of the strategy update. The supply of good acquisition opportunities where Vastned can add value is unfortunately limited at this time. The excess of capital and the low interest rates of recent years have led to a search for yield. This search for yield is generating increasing demand for high-quality European property, which together with the limited supply of high-grade retail property in the well-known and upcoming high streets in Europe is causing yield compression in the market. Vastned believes that this situation is unlikely to change in the near future. For Vastned's existing portfolio, this may lead to further value increases, but it also makes acquiring property that much harder.

Global debt levels are an issue. Worldwide debt is almost twice as high as before the financial crisis, which will have major consequences when the European Central Bank returns to 'normal' interest rate levels. The independence movement in Catalonia, in the context of our ambitions in Barcelona, and populism in some markets are also concerns for Vastned. Such movements disturb the stability that Vastned strives for in its strategy.

At the same time, the economic sentiment in Europe appears to be improving, with positive economic growth, lower unemployment and rising consumer spending. However, Vastned has to remain cautious. The retail market is changing and consumers spend their money in a different way than before. Retailers must continue to innovate in order to attract consumers. Those who do, will win the battle; they are the retailers to whom Vastned prefers to let its core city assets. Especially retailers with shops in well-known and upcoming high streets of big historic European cities are benefiting from increased consumer spending because these are the locations where consumers like to spend their time and money. They are also cities where people like to go on a weekend break, and where they can shop and also have lunch or dinner, and visit a museum or see a play. Indeed, the supply of cafés and restaurants is a key factor in the attractiveness of a city. For Vastned this is therefore a reason to want to further expand cafés and restaurants in its portfolio that are located near the well-known high streets. At year-end 2017, 4% of Vastned's portfolio comprised food & beverage properties.

As a result of the divestments of approximately € 123 million compared with the acquisitions of approximately € 38 million in 2017, the portfolio shrank in 2018 compared to 2017. This will have a negative effect on the gross rental income in 2018. The termination fee payable by Forever21 after leaving the premises prematurely, together with the active management and the optimisation of the current portfolio convinces Vastned nevertheless to issue the same expectation for the 2018 direct result as for 2017: between € 2.10 and € 2.20 per share. The intention to acquire the shares held by third parties in Vastned Retail Belgium NV is not included in this forecast.

### Conference call

On 15 February at 11.00 am CET Vastned will host a conference call for analysts and investors elaborating on the 2017 annual results. The conference call can be followed at: [http://vastned.com/investeers/investor\\_relations](http://vastned.com/investeers/investor_relations).

## PRESS RELEASE

### Financial calendar 2018

8 March 2018	before trading	2017 Annual Report
19 April 2018		Annual General Meeting of shareholders
23 April 2018		Ex final dividend 2017 date
24 April 2018		Final dividend record date 2017
8 May 2018		Payment date final dividend 2017
8 May 2018	after trading	Trading update first quarter 2018
1 August 2018	after trading	Publication half-year results 2018
6 August 2018		Ex interim dividend 2018 date
7 August 2018		Interim dividend record date 2018
21 August 2018		Payment date final dividend 2018
30 October 2018	after trading	Trading update first nine months 2018

### About Vastned

Vastned is a listed European retail property company focusing on venues for premium shopping. Vastned invests in selected cities in Europe, with a clear focus on the best retail property in the most popular shopping streets in the bigger cities. Vastned's tenants are strong and leading international and national retail brands. The property portfolio has a size of € 1.6 billion.

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*This press release is an English translation of the Dutch press release, in the event of discrepancies between the Dutch text and the English translation, the Dutch text will prevail.*

## KEY FIGURES

**Results (x € 1,000)**

	31 December 2017	31 December 2016
Gross rental income from continuing operations <sup>1)</sup>	77,480	81,298
Direct result	41,134	46,115
Indirect result	53,511	(19,684)
<b>Result</b>	<b>94,645</b>	<b>26,431</b>

**Balance sheet (x € 1,000)**

Property	1,591,564 <sup>2</sup>	1,614,793
Equity	933,415	891,497
Equity Vastned Retail shareholders	838,685	804,437
Long-term liabilities	633,910	636,921
Solvency (in %)	59.2	56.1
Loan-to-value (in %)	38.8	41.8
Interest coverage ratio	3.9	4.0
Financial occupancy rate total portfolio (in %)	97.1	95.9
Core city assets (in %)	98.9	98.1
Mixed retail locations (in %)	93.8	93.0
Average number of ordinary shares in issue	18,505,783	19,036,646
Number of ordinary shares in issue (end of period)	18,186,800	19,036,646

**Per share (x € 1)**

Equity Vastned Retail shareholders at beginning of year (including final dividend)	42.26	42.90
Final dividend previous financial year	(1.32)	(1.31)
<i>Equity Vastned Retail shareholders at beginning of period (excluding final dividend)</i>	40.94	41.59
Direct result	2.22	2.42
Indirect result	2.89	(1.03)
<b>Result</b>	<b>5.11</b>	<b>1.39</b>
Remeasurement of defined benefit pension obligation	0.05	0.02
Reclassification of unrealised results of financial derivatives to profit and loss account, after taxes	(0.01)	(0.01)
Reclassification of translation reserve to profit and loss account	0.31	-
Other movements	0.36	-
Interim dividend	(0.64)	(0.73)
<i>Equity Vastned Retail shareholders at end of period (including final dividend)</i>	<b>46.12</b>	<b>42.26</b>
<b>Share price (end of period)</b>	<b>41.30</b>	<b>36.86</b>
<b>Premium/(Discount) (in %)</b>	<b>(10.5)</b>	<b>(12.8)</b>

1 In connection with the divestment of the Turkish portfolio, the results relating to this portfolio are recognized as the result of discontinued operations. The comparative figures in the profit and loss account for 2016 have been adjusted accordingly.

2 Including Assets held for sale at € 65,202.

## DIRECT AND INDIRECT RESULT (x € 1,000)

**Direct result**

	<b>Year 2017</b>	<b>Year 2016</b>	<b>HY2 2017</b>	<b>HY1 2017</b>
Gross rental income	77,480	81,298	38,673	38,807
Ground rents paid	(143)	(154)	(74)	(69)
Net service charge expenses	(475)	(611)	(177)	(298)
Operating expenses	(7,024)	(9,188)	(2,773)	(4,251)
<b>Net rental income</b>	<b>69,838</b>	<b>71,345</b>	<b>35,649</b>	<b>34,189</b>
Financial income	21	295	12	9
Financial expenses	(17,608)	(19,122)	(8,463)	(9,145)
<b>Net financing costs</b>	<b>(17,587)</b>	<b>(18,827)</b>	<b>(8,451)</b>	<b>(9,136)</b>
General expenses	(8,161)	(8,232)	(3,840)	(4,321)
<b>Direct result before taxes</b>	<b>44,090</b>	<b>44,286</b>	<b>23,358</b>	<b>20,732</b>
Current income tax expense	(104)	(460)	(105)	1
Movement deferred tax assets and liabilities	106	2	115	(9)
<b>Direct result after tax from continuing operations</b>	<b>44,092</b>	<b>43,828</b>	<b>23,368</b>	<b>20,724</b>
<b>Direct result after tax from discontinued operations</b>	<b>1,656</b>	<b>6,605</b>	<b>-</b>	<b>1,656</b>
<b>Direct result</b>	<b>45,748</b>	<b>50,433</b>	<b>23,368</b>	<b>22,380</b>
Direct result attributable to non-controlling interests	(4,614)	(4,318)	(2,440)	(2,174)
<b>Direct result attributable to Vastned Retail shareholders</b>	<b>41,134</b>	<b>46,115</b>	<b>20,928</b>	<b>20,206</b>

**Indirect result**

Value movements property in operation	64,058	19,065	15,040	49,018
Value movements property under renovation	-	(1,163)	-	-
<b>Total value movements in property</b>	<b>64,058</b>	<b>17,902</b>	<b>15,040</b>	<b>49,018</b>
Net result on disposal of property	(1,891)	(4,503)	(2,472)	581
Financial expenses	(817)	(819)	(412)	(405)
Value movements financial derivatives	2,255	(824)	338	1,917
Reclassification of unrealised results on financial derivatives from equity	116	117	58	58
<b>Indirect result before taxes</b>	<b>63,721</b>	<b>11,873</b>	<b>12,552</b>	<b>51,169</b>
Movement deferred tax assets and liabilities	(2,861)	(230)	(661)	(2,200)
<b>Indirect result after tax from continuing operations</b>	<b>60,860</b>	<b>11,643</b>	<b>11,891</b>	<b>48,969</b>
<b>Indirect result after tax from discontinued operations</b>	<b>1</b>	<b>(28,559)</b>	<b>-</b>	<b>1</b>
<b>Indirect result</b>	<b>60,861</b>	<b>(16,916)</b>	<b>11,891</b>	<b>48,970</b>
Indirect result attributable to non-controlling interests	(7,350)	(2,768)	(2,371)	(4,979)
<b>Indirect result attributable to Vastned Retail shareholders</b>	<b>53,511</b>	<b>(19,684)</b>	<b>9,520</b>	<b>43,991</b>
<b>Result attributable to Vastned Retail shareholders</b>	<b>94,645</b>	<b>26,431</b>	<b>30,448</b>	<b>64,197</b>

## DIRECT EN INDIRECT RESULT

## PER SHARE (x € 1)

	<b>Year 2017</b>	<b>Year 2016</b>	<b>HY2 2017</b>	<b>HY1 2017</b>
Direct result attributable to Vastned Retail shareholders	2.22	2.42	1.15	1.07
Indirect result attributable to Vastned Retail shareholders	2.89	(1.03)	0.52	2.34
result attributable to Vastned Retail shareholders	<b>5.11</b>	<b>1.39</b>	<b>3.32</b>	<b>0.64</b>

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

	Year 2017	Year 2016	HY2 2017	HY1 2017
<b>Income from property</b>				
Gross rental income	77,480	81,298	38,673	38,807
Ground rents paid	(143)	(154)	(74)	(69)
Net service charge expenses	(475)	(611)	(177)	(298)
Operating expenses	(7,024)	(9,188)	(2,773)	(4,251)
<i>Net rental income</i>	69,838	71,345	35,649	34,189
Value movements in property in operation	64,058	19,065	15,040	49,018
Value movements in property under renovation	-	(1,163)	-	-
<i>Total value movements in property</i>	64,058	17,902	15,040	49,018
Net result on disposal of property	(1,891)	(4,503)	(2,472)	581
<i>Total net income from property</i>	<b>132,005</b>	<b>84,744</b>	<b>48,217</b>	<b>83,788</b>
<b>Expenditure</b>				
Financial income	21	295	12	9
Financial expenses	(18,425)	(19,941)	(8,875)	(9,550)
Value movements in financial derivatives	2,255	(824)	338	1,917
Reclassification of unrealised results on financial derivatives from equity	116	117	58	58
<i>Net financing costs</i>	(16,033)	(20,353)	(8,467)	(7,566)
General expenses	(8,161)	(8,232)	(3,840)	(4,321)
<i>Total expenditure</i>	<b>(24,194)</b>	<b>(28,585)</b>	<b>(12,307)</b>	<b>(11,887)</b>
<i>Result before taxes</i>	<b>107,811</b>	<b>56,159</b>	<b>35,910</b>	<b>71,901</b>
Current income tax expense	(104)	(460)	(105)	1
Movement in deferred tax assets and liabilities	(2,755)	(228)	(546)	(2,209)
<i>Total income tax</i>	(2,859)	(688)	(651)	(2,208)
<i>Result after tax from continuing operations</i>	<b>104,952</b>	<b>55,471</b>	<b>35,259</b>	<b>69,693</b>
<i>Result after tax from discontinued operations</i>	1,657	(21,954)	-	1,657
<i>Result</i>	<b>106,609</b>	<b>33,517</b>	<b>35,259</b>	<b>71,350</b>
Result from continuing operations attributable to Vastned Retail shareholders	92,988	48,385	30,448	62,540
Result from discontinued operations attributable to Vastned Retail shareholders	1,657	(21,954)	-	1,657
Result attributable to non-controlling interests	11,964	7,086	4,811	7,153
	<b>106,609</b>	<b>33,517</b>	<b>35,259</b>	<b>71,350</b>
<b>Per share (x € 1)</b>				
Result from continuing operations	5.02	2.54	1.67	3.32
Result from discontinued operations	0.09	(1.15)	-	0.09
	<b>5.11</b>	<b>1.39</b>	<b>1.67</b>	<b>3.41</b>
Diluted result from continuing operations	4.57	2.40	1.49	3.00
Diluted result from discontinued operations	0.08	(1.02)	-	0.08
	<b>4.65</b>	<b>1.38</b>	<b>1.49</b>	<b>3.08</b>



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

	<b>Year 2017</b>	<b>Year 2016</b>	<b>HY2 2017</b>	<b>HY1 2017</b>
Result after tax from continuing operations	104,952	55,471	35,259	69,693
Result after tax from discontinued operations	1,657	(21,954)	-	1,657
Result after tax	106,609	33,517	35,259	71,350
<b>Items not reclassified to the profit and loss account</b>				
Remeasurement of defined benefit obligation	815	319	815	-
Taxes on items not reclassified to the profit and loss account	-	-	-	-
<b>Items that have been or could be reclassified to the profit and loss account</b>				
Reclassification of unrealised results on financial derivatives to profit and loss account	(116)	(117)	(58)	(58)
Reclassification of the translation reserve to the profit and loss account	5,728	-	-	5,728
Taxes on items that have been or could be reclassified to the profit and loss account	-	-	-	-
<i>Other comprehensive result after taxes</i>	6,427	202	757	5,670
<i>Comprehensive income</i>	<b>113,036</b>	<b>33,719</b>	<b>36,016</b>	<b>77,020</b>
Attributable to:				
Vastned Retail shareholders	101,072	26,633	31,205	69,867
Non-controlling interests	11,964	7,086	4,811	7,153
	<b>113,036</b>	<b>33,719</b>	<b>36,016</b>	<b>77,020</b>

**CONSOLIDATED BALANCE SHEET (x € 1,000)**

	2017	2016
<b>Assets</b>		
Property in operation	1,523,723	1,611,725
Accrued assets in respect of lease incentives	2,639	3,068
<b>Total property</b>	<b>1,526,362</b>	<b>1,614,793</b>
Tangible fixed assets	1,120	1,280
Financial derivatives	-	275
<b>Total fixed assets</b>	<b>1,527,482</b>	<b>1,616,348</b>
Assets held for sale	65,202	-
Debtors and other receivables	2,894	5,674
Income tax	155	204
Financial derivatives	2,077	1,280
<b>Cash and cash equivalents</b>	<b>70,328</b>	<b>7,158</b>
<b>Total assets</b>	<b>1,597,810</b>	<b>1,623,506</b>
<b>Equity and liabilities</b>		
Capital paid-up and called	95,183	95,183
Share premium reserve	472,640	472,640
Hedging reserve in respect of financial derivatives	383	499
Translation reserve	-	(5,728)
Other reserves	175,834	215,412
Result attributable to Vastned Retail shareholders	94,645	26,431
Equity Vastned Retail shareholders	838,685	804,437
Non-controlling interests	94,730	87,060
<b>Total equity</b>	<b>933,415</b>	<b>891,497</b>
Deferred tax liabilities	12,431	19,598
Provisions in respect of employee benefits	5,477	6,009
Long-term interest-bearing loans	608,609	601,610
Financial derivatives	3,558	6,145
Guarantee deposits and other long-term liabilities	3,835	3,559
<b>Total long-term liabilities</b>	<b>633,910</b>	<b>636,921</b>
Payable to banks	7,227	14,654
Redemption long-term interest-bearing loans	18	57,518
Financial derivatives	-	106
Income tax	186	1,076
Other liabilities and accruals	23,054	21,734
<b>Total short-term liabilities</b>	<b>30,485</b>	<b>95,088</b>
<b>Total equity and liabilities</b>	<b>1,597,810</b>	<b>1,623,506</b>

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

	Capital paid-up and called-up	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Other reserves	Result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Non-controlling interests	Total equity
<b>Balance as at 1 January 2016</b>	95,183	472,640	616	(5,728)	188,458	65,471	816,640	84,373	901,013
Result	-	-	-	-	-	26,431	26,431	7,086	33,517
Other comprehensive income	-	-	(117)	-	319	-	202	-	202
<b>Comprehensive income</b>	-	-	(117)	-	319	26,431	26,633	7,086	33,719
Final dividend for previous financial year in cash	-	-	-	-	-	(24,939)	(24,939)	(4,399)	(29,338)
Interim-dividend 2016 in cash	-	-	-	-	(13,897)	-	(13,897)	-	(13,897)
Contribution from profit appropriation	-	-	-	-	40,532	(40,532)	-	-	-
<b>Balance as at 31 December 2016</b>	<b>95,183</b>	<b>472,640</b>	<b>499</b>	<b>(5,728)</b>	<b>215,412</b>	<b>26,431</b>	<b>804,437</b>	<b>87,060</b>	<b>891,497</b>
Result	-	-	-	-	-	94,645	94,645	11,964	106,609
Other comprehensive income	-	-	(116)	5,728	815	-	6,427	-	6,427
<b>Comprehensive income</b>	-	-	<b>(116)</b>	<b>5,728</b>	<b>815</b>	<b>94,645</b>	<b>101,072</b>	<b>11,964</b>	<b>113,036</b>
Final dividend for previous financial year in cash	-	-	-	-	-	(25,126)	(25,126)	(4,294)	(29,420)
Interim-dividend 2017 in cash	-	-	-	-	(11,639)	-	(11,639)	-	(11,639)
Contribution from profit appropriation	-	-	-	-	1,305	(1,305)	-	-	-
Share buy-back	-	-	-	-	(30,059)	-	(30,059)	-	(30,059)
<b>Balance as at 31 December 2017</b>	<b>95,183</b>	<b>472,640</b>	<b>383</b>	<b>-</b>	<b>175,834</b>	<b>94,645</b>	<b>838,685</b>	<b>94,730</b>	<b>933,415</b>

**CONSOLIDATED CASH FLOW STATEMENT (x € 1,000)**

	<b>2017</b>	<b>2016</b>
<b>Cash flow from operating activities</b>		
Result after tax	106,609	33,517
<b>Adjustments for:</b>		
Value movements in property	(64,058)	15,119
Net result on disposal of property	1,891	4,503
Net financing costs	16,045	20,344
Income tax	2,897	(2,941)
<i>Cash flow from operating activities before changes in working capital and provisions</i>	63,384	70,542
Movement in current assets	(492)	(545)
Movement in short-term liabilities	(798)	(361)
Movement in provisions	169	130
	<b>62,263</b>	<b>69,766</b>
Interest received	25	301
Interest paid	(16,695)	(18,779)
Income tax paid	(797)	(4,464)
<b>Cash flow from operating activities</b>	<b>44,796</b>	<b>46,824</b>
<b>Cash flow from investing activities</b>		
Property acquisitions	(32,682)	(77,920)
Property investments	(4,479)	(5,913)
Disposal of property	29,145	82,035
Disposal of subsidiaries	95,167	10,501
<i>Cash flow from property</i>	<b>87,151</b>	<b>8,703</b>
Movement in tangible fixed assets	160	(134)
<i>Cash flow from investing activities</i>	<b>87,311</b>	<b>8,569</b>
<b>Cash flow from financing activities</b>		
Share buy-back	(30,059)	-
Dividend paid	(36,765)	(38,836)
Dividend paid to non-controlling interests	(4,294)	(4,399)
Interest-bearing loans drawn-down	95,067	11,375
Interest-bearing loans redeemed	(154,945)	(25,017)
Afwikkeling rentederivaten	(590)	-
Movements in guarantee deposits and other long-term liabilities	276	2
<b>Cash flow from financing activities</b>	<b>(131,310)</b>	<b>(56,875)</b>
<b>Movement in cash and cash equivalents</b>	<b>797</b>	<b>(1,482)</b>
Cash and cash equivalents as at 1 January	1,280	2,762
<b>Cash and cash equivalents at end of period</b>	<b>2,077</b>	<b>1,280</b>

**GESEGMENTEERDE INFORMATIE (x € 1.000,-)**  
**2017 naar land**

	<b>Netherlands</b>	<b>France</b>	<b>Belgium</b>	<b>Spain</b>	<b>Turkey</b>	<b>Total</b>
Net rental income	32,571	16,304	17,863	3,100	-	69,838
Value movements in property in operation	8,154	31,184	20,751	3,969	-	64,058
Value movements in property under renovation	-	-	-	-	-	-
Net result on disposal of property	(1,986)	116	(21)	-	-	(1,891)
<b>Total net income from property</b>	<b>38,739</b>	<b>47,604</b>	<b>38,593</b>	<b>7,069</b>	<b>-</b>	<b>132,005</b>
Net financing costs						(16,033)
General expenses						(8,161)
Income tax						(2,859)
<i>Result from continuing operations, after taxes</i>						<b>104,952</b>
<i>Result from discontinued operations, after taxes</i>					1,657	1,657
<b>Result after tax</b>						<b>106,609</b>
	<b>Netherlands</b>	<b>France</b>	<b>Belgium</b>	<b>Spain</b>	<b>Turkey</b>	<b>Total</b>
Property in operation:						
Balance as at 1 January	682,335	381,848	360,503	87,409	99,630	1,611,725
- Acquisitions	11,436	19,759	6,448	-	-	37,643
- Capital expenditure	2,456	455	884	(2)	-	3,793
- In/out of operation	-	-	-	-	-	-
- Transferred to assets held for sale	(27,190)	(37,683)	-	-	-	(64,873)
- Disposals	(28,449)	17	(561)	-	(99,630)	(128,623)
	640,588	364,396	367,274	87,407	-	1,459,665
- Value movements	8,154	31,184	20,751	3,969	-	64,058
<b>Balance as at 31 December</b>	<b>648,742</b>	<b>395,580</b>	<b>388,025</b>	<b>91,376</b>	<b>-</b>	<b>1,523,723</b>
<i>Accrued assets in respect of lease incentives</i>	1,317	668	535	119	-	2,639
<b>Appraisal value as at 31 December</b>	<b>650,059</b>	<b>396,248</b>	<b>388,560</b>	<b>91,495</b>	<b>-</b>	<b>1,526,362</b>

## 2016 per country

	Netherlands	France	Belgium	Spain	Turkey	Total
Net rental income	36,117	14,746	17,344	3,138	-	71,345
Value movements in property in operation	(6,823)	15,063	7,162	3,663	-	19,065
Value movements in property under renovation	(1,163)	-	-	-	-	(1,163)
Net result on disposal of property	(4,103)	124	25	(549)	-	(4,503)
<b>Total net income from property</b>	<b>24,028</b>	<b>29,933</b>	<b>24,531</b>	<b>6,252</b>	<b>-</b>	<b>84,744</b>
Net financing costs						(20,353)
General expenses						(8,232)
Income tax						(688)
<i>Result from continuing operations, after taxes</i>						<b>55,471</b>
<i>Result from discontinued operations, after taxes</i>					(21,954)	(21,954)
<b>Resultaat after tax</b>						<b>33,517</b>

	Netherlands	France	Belgium	Spain	Turkey	Total
Property in operation:						
Balance as at 1 January	741,647	337,849	356,348	76,333	132,651	1,644,828
- Acquisitions	21,388	27,923	-	26,594	-	75,905
- Capital expenditure	2,771	1,013	2,037	-	-	5,821
- In/uit exploitatie genomen	(9,645)	-	-	-	-	(9,645)
- Transferred to assets held for sale	-	-	-	-	-	-
- Disposals	(67,003)	-	(5,044)	19,181	-	(91,228)
	689,158	366,785	353,341	83,746	132,651	1,625,681
- Value movements	(6,823)	15,063	7,162	3,663	(33,021)	(13,956)
<b>Balance as at 31 December</b>	<b>682,335</b>	<b>381,848</b>	<b>360,503</b>	<b>87,409</b>	<b>99,630</b>	<b>1,611,725</b>
<i>Accrued assets in respect of lease incentives</i>	1,675	457	432	134	370	3,068
<b>Appraisal value as at 31 December</b>	<b>684,010</b>	<b>382,305</b>	<b>360,935</b>	<b>87,543</b>	<b>100,000</b>	<b>1,614,793</b>

## 2017 per type

	Core city assets	Mixed retail locations	Total
Net rental income	45,910	23,928	69,838
Value movements in property in operation	77,809	(13,751)	64,058
Value movements in property under renovation	-	-	-
Net result on disposal of property	206	(2,097)	(1,891)
<b>Total net income from property</b>	<b>123,925</b>	<b>8,080</b>	<b>132,005</b>
Net financing costs			(16,033)
General expenses			(8,161)
Income tax			(2,859)
<i>Result from continuing operations, after taxes</i>			<b>104,952</b>
<i>Result from discontinued operations, after taxes</i>	1,657		1,657
<b>Result</b>			<b>106,609</b>

	Core city assets	Mixed retail locations	Total
Estate in exploitation:			
Balance as at 1 January	1,241,405	370,320	1,611,725
- Acquisitions	37,643	-	37,643
- Capital expenditure	3,543	250	3,793
- In/uit exploitatie genomen	-	-	-
- Transferred to assets held for sale	(36,267)	(28,606)	(64,873)
- Disposals	(102,720)	(25,903)	(128,623)
	1,143,604	316,061	1,459,665
- Value movements	77,809	(13,751)	64,058
<b>Balance as at 31 December</b>	<b>1,221,413</b>	<b>302,310</b>	<b>1,523,723</b>
Accrued assets in respect of lease incentives	1,906	733	2,639
<i>Appraisal value as at 31 December</i>	<b>1,223,319</b>	<b>303,043</b>	<b>1,526,362</b>

## 2016 per type

	Core city assets	Mixed retail locations	Total
Net rental income	43,016	28,329	71,345
Value movements in property in operation	42,763	(23,698)	19,065
Value movements in property under renovation	-	(1,163)	(1,163)
Net result on disposal of property	147	(4,650)	(4,503)
<b>Total net income from property</b>	<b>85,926</b>	<b>(1,182)</b>	<b>84,744</b>
Net financing costs			(20,353)
General expenses			(8,232)
Income tax			(688)
<i>Result from continuing operations, after taxes</i>			<b>55,471</b>
<i>Result from discontinued operations, after taxes</i>	(21,954)		(21,954)
<b>Result</b>			<b>33,517</b>

	Core city assets	Mixed retail locations	Total
Property in operation:			
Balance as at 1 January	1,163,791	481,037	1,644,828
- Acquisitions	75,905	-	75,905
- Capital expenditure	4,227	1,594	5,821
- In/uit exploitatie genomen	-	(9,645)	(9,645)
- Transferred to assets held for sale	-	-	-
- Disposals	(12,260)	(78,968)	(91,228)
	1,231,663	394,018	1,625,681
- Value movements	9,742	(23,698)	(13,956)
<b>Balance as at 31 December</b>	<b>1,241,405</b>	<b>370,320</b>	<b>1,611,725</b>
Accrued assets in respect of lease incentives	2,085	983	3,068
<b>Appraisal value as at 31 December</b>	<b>1,243,490</b>	<b>371,303</b>	<b>1,614,793</b>



The accounting policies used in this press release comply with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

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

Property and financial derivatives are valued at fair value. The other items in the financial statements are valued at historical cost.

In the presentation of the financial statements the Executive Board has made judgements concerning estimates and assumptions which impact the figures included in the financial statements. The estimates and underlying assumptions concerning the future are based on historical experience and other relevant factors, given the circumstances at 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.

During 2017 none of the members of the Supervisory Board and Executive Board of Vastned Retail had a personal interest in the investments made by Vastned Retail. To Vastned Retail'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 Retail.

This press release is based on the 2017 financial statements which were prepared on 14 February 2017, and for which Ernst & Young Accountants LLP has issued an unqualified opinion. The press release concerns only part of the financial statements. The financial statements have not yet been published in accordance with the statutory provisions and have not yet been adopted. The Annual General Meeting of shareholders will be held on 19 April 2018.

EPRA Best Practices Recommendations published by EPRA's Reporting and Accounting Committee ('BPR') contain recommendations concerning the determination of key performance indicators for the performance of the property portfolio. Vastned endorses the importance of standardizing the reporting of performance indicators from the point of view of comparability and improvement of the quality of the information investors and other users. The overviews included in this chapter are presented in euros, with amounts being rounded off to thousands of euros, unless stated otherwise.

EPRA performance indicators	Table	(x € 1,000)		PER SHARE (x € 1)	
		2017	2016	2017	2016
EPRA Earnings	1	41,134	46,115	2.22	2.42
EPRA NAV	2	854,337	829,147	46.98	43.56
EPRA NNNAV	3	830,301	793,476	45.66	41.68
EPRA Net Initial Yield (NIY)	4 (i)	4.1%	4.4%		
EPRA 'topped-up' NIY	4(ii)	4.2%	4.6%		
EPRA Vacancy Rate	5	2.0%	2.7%		
EPRA Cost Ratio (including direct vacancy costs)	6 (i)	20.2%	22.2%		
EPRA Cost Ratio (excluding direct vacancy costs)	6 (ii)	19.4%	21.0%		
Capital expenditure	7				

## 1 EPRA earnings

	2017	2016
<i>Result as stated in consolidated IFRS profit and loss account</i>	106,609	33,517
Value movements in property	(64,058)	(17,902)
Net result on disposal of property	1,891	4,503
Financial expenses	817	819
Value movements in financial derivatives	(2,371)	707
Movement in deferred tax assets and liabilities	2,861	230
Discontinued operations	(1)	28,559
Attributable to non-controlling interests	(4,614)	(4,318)
<i>EPRA Earnings</i>	<b>41,134</b>	<b>46,115</b>
<i>EPRA Earnings per share (EPS)</i>	<b>2.22</b>	<b>2.42</b>

## 2 & 3 EPRA NAV and EPRA NNAV

	31-12-2017		31-12-2016	
	per share (x € 1)		per share (x € 1)	
Equity Vastned Retail shareholders	838,685	46.12	804,437	42.26
Adjustment for effect of convertible bond	-	-	-	-
Diluted equity Vastned Retail shareholders	<b>838,685</b>	<b>46.12</b>	<b>804,437</b>	<b>42.26</b>
Fair value of financial derivatives	2,909	0.16	5,126	0.27
Deferred tax	12,743	0.70	19,584	1.03
<i>EPRA NAV</i>	<b>854,337</b>	<b>46.98</b>	<b>829,147</b>	<b>43.56</b>
Fair value of financial derivatives	(2,909)	(0.16)	(5,126)	(0.27)
Fair value of interest-bearing loans	(11,316)	(0.62)	(17,284)	(0.91)
Deferred tax	(9,811)	(0.54)	(13,261)	(0.70)
<i>EPRA NNAV</i>	<b>830,301</b>	<b>45.66</b>	<b>793,476</b>	<b>41.68</b>

1 The calculation of the market value is based on the swap yield curve at the end of 2017 and the end of 2017 applicable credit spreads.

**4 EPRA NET INITIAL YIELD AND EPRA TOPPED-UP NET INITIAL YIELD PER 31 DECEMBER**

	Netherlands		France		Belgium		Spain		Turkey		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		
Property in operation	677,514	684,010	433,995	382,305	388,560	360,935	91,495	87,543	-	100,000	1,591,564	1,614,793
addition:												
Estimated transaction fees	47,426	51,485	33,603	29,521	9,715	9,025	2,489	2,450	-	3,093	93,233	95,574
<i>Investment of property in operation (B)</i>	<b>724,940</b>	<b>735,495</b>	<b>467,598</b>	<b>411,826</b>	<b>398,275</b>	<b>369,960</b>	<b>93,984</b>	<b>89,993</b>	-	<b>103,093</b>	<b>1,684,797</b>	<b>1,710,367</b>
Annualised gross rental income	35,656	37,913	17,613	16,639	19,926	19,176	3,374	3,282	-	7,780	76,569	84,790
Non-recoverable operating expenses	(4,594)	(5,514)	(1,120)	(1,136)	(1,855)	(1,724)	(225)	(214)	-	(598)	(7,794)	(9,186)
<i>Annualised net rental income (A)</i>	<b>31,062</b>	<b>32,399</b>	<b>16,493</b>	<b>15,503</b>	<b>18,071</b>	<b>17,452</b>	<b>3,149</b>	<b>3,068</b>	-	<b>7,182</b>	<b>68,775</b>	<b>75,604</b>
Effect of rent-free periods and other lease incentives	457	562	419	601	279	456	25	-	-	714	1,180	2,333
<i>Topped-up annualised net rental income (C)</i>	<b>31,519</b>	<b>32,961</b>	<b>16,912</b>	<b>16,104</b>	<b>18,350</b>	<b>17,908</b>	<b>3,174</b>	<b>3,068</b>	-	<b>7,896</b>	<b>69,955</b>	<b>77,937</b>
(i) EPRA Net Initial Yield (A/B)	4.3%	4.4%	3.5%	3.8%	4.5%	4.7%	3.4%	3.4%	-	7.0%	4.1%	4.4%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.3%	4.5%	3.6%	3.9%	4.6%	4.8%	3.4%	3.4%	-	7.7%	4.2%	4.6%

#### 4 EPRA NET INITIAL YIELD EN EPRA TOPPED-UP NET INITIAL YIELD PER 31 DECEMBER

	Core city assets		Mixed retail locations		Total	
	2017	2016	2017	2016	2017	2016
Property in operation	1,259,650	1,243,490	331,914	371,303	1,591,564	1,614,793
addition:						
Estimated transaction fees	77,024	74,970	16,208	20,604	93,232	95,574
<i>Investment of property in operation (B)</i>	<b>1,336,674</b>	<b>1,318,460</b>	<b>348,122</b>	<b>391,907</b>	<b>1,684,796</b>	<b>1,710,367</b>
Annualised gross rental income	51,366	56,950	25,203	27,840	76,569	84,790
Non-recoverable operating expenses	(4,302)	(5,031)	(3,492)	(4,155)	(7,794)	(9,186)
<i>Annualised net rental income (A)</i>	<b>47,064</b>	<b>51,919</b>	<b>21,711</b>	<b>23,685</b>	<b>68,775</b>	<b>75,604</b>
Effect of rent-free periods and other lease incentives	963	1,684	217	649	1,180	2,333
<i>Topped-up annualised net rental income (C)</i>	<b>48,027</b>	<b>53,603</b>	<b>21,928</b>	<b>24,334</b>	<b>69,955</b>	<b>77,937</b>
(i) EPRA Net Initial Yield (A/B)	3.5%	3.9%	6.2%	6.0%	4.1%	4.4%
(ii) EPRA Topped-up Net Initial Yield (C/B)	3.6%	4.1%	6.3%	6.2%	4.2%	4.6%

## 5 EPRA vacancy rate

31 december 2017

	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	37,081	32,571	139,675	35,656	1,072	37,249	2.9%
France	17,631	16,304	36,103	17,613	335	18,760	1.8%
Belgium	19,443	17,863	92,646	19,926	175	19,459	0.9%
Spain	3,325	3,100	3,291	3,374	-	3,710	-
Turkey	1,851	1,811	-	-	-	-	-
<i>Total property in operation</i>	<b>79,331</b>	<b>71,649</b>	<b>271,715</b>	<b>76,569</b>	<b>1,582</b>	<b>79,178</b>	<b>2.0%</b>
Core city assets	52,279	47,721	97,025	51,366	264	54,774	0.5%
Mixed retail locations	27,052	23,928	174,690	25,203	1,318	24,404	5.4%
<i>Total property in operation</i>	<b>79,331</b>	<b>71,649</b>	<b>271,715</b>	<b>76,569</b>	<b>1,582</b>	<b>79,178</b>	<b>2.0%</b>

31 december 2016

	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	42,486	36,117	157,415	37,913	1,737	40,653	4.3%
France	16,460	14,746	35,435	16,639	358	18,722	1.9%
Belgium	18,900	17,344	92,085	19,176	339	19,131	1.8%
Spain	3,452	3,138	3,291	3,282	-	3,677	-
Turkey	8,171	7,710	13,100	7,780	34	7,887	0.4%
<i>Total property in operation</i>	<b>89,469</b>	<b>79,055</b>	<b>301,326</b>	<b>84,790</b>	<b>2,468</b>	<b>90,070</b>	<b>2.7%</b>
Core city assets	55,697	50,726	107,943	56,950	570	62,206	0.9%
Mixed retail locations	33,772	28,329	193,383	27,840	1,898	27,864	6.8%
<i>Total property in operation</i>	<b>89,469</b>	<b>79,055</b>	<b>301,326</b>	<b>84,790</b>	<b>2,468</b>	<b>90,070</b>	<b>2.7%</b>

<b>6 EPRA cost ratios</b>	<b>2017</b>	<b>2016<sup>1)</sup></b>
General expenses	8,161	8,232
Ground rents paid	143	154
Operating expenses	7,024	9,188
Net service charge expenses	475	611
less:		
ground rents paid	(143)	(154)
<b>EPRA costs (including vacancy costs) (A)</b>	<b>15,660</b>	<b>18,031</b>
Vacancy costs	(679)	(972)
<b>EPRA costs (exclusive vacancy costs) (B)</b>	<b>14,981</b>	<b>17,059</b>
<b>Gross rental income less ground rents paid (C)</b>	<b>77,337</b>	<b>81,144</b>
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	<b>20.2%</b>	<b>22.2%</b>
(ii) EPRA Cost Ratio (exclusive vacancy costs) (B/C)	<b>19.4%</b>	<b>21.0%</b>

In 2017, an amount of less than € 0.1 million (2016: € 0.1 million) of operating costs was capitalized. Vastned capitalizes the operating costs directly attributable to property in renovation during the period that the property in renovation is not available for letting. General costs (overheads) are not capitalized.

<sup>1)</sup> The comparative figures for 2016 have been adjusted relating to the discontinued operations in Turkey.

<b>7 CAPITAL EXPENDITURE</b>	<b>2017</b>	<b>2016</b>
Acquisitions <sup>1)</sup>	37,643	75,905
Development	-	-
Like-for-like-portfolio <sup>2)</sup>	3,858	4,973
Others <sup>3)</sup>	(65)	1,081
	<b>41,436</b>	<b>81,959</b>

1 Concerns purchases of core city assets in Amsterdam, Utrecht, Paris and Antwerp.

2 Concerns improvements to various properties already in possession throughout the various countries.

3 Mainly concerns improvements to properties that were sold during the financial year, or that were transferred to Assets held for sale, as well as the adjustment of the purchase price of an object acquired in the past.