

TRADING UPDATE 9M 2018

Results 2018 on track; direct result to top of range

Highlights

- **2.0% rent increase on new core city assets leases concluded in 9M 2018**
- **Occupancy rate core city assets 96.7% as at 30 September 2018**
- **Core city assets portfolio in Utrecht expanded by € 11.0 million in total**
- **Non-strategic properties in the Netherlands and France sold for € 64.3 million in total**
- **Flagship store UNIQLO at Kalverstraat 11/Rokin 12 in Amsterdam opens for business**
- **Dutch government retains FBI regime; Vastned advocates conversion into REIT regime**
- **Share buyback programme started of € 40 million maximum**
- **Forecast for 2018 direct result at top of range, between € 2.15 and €2.20 per share**
- **Dividend proposal for 2018 € 2.05 per share in total**

Amsterdam, 30 October 2018 – Vastned, the listed European retail property company focusing on ‘venues for premium shopping’, has published its trading update for the first nine months of 2018.

Taco de Groot, Vastned CEO: ‘Our portfolio showed good results in the first nine months of 2018, in line with our expectations. The share of core city assets in the portfolio was 81% and the occupancy rate of the total portfolio remained high at 96.3% at the end of September. The retail market is in transition and will remain so for the near future, so that retailers are cautious about opening new shops. In this, the characteristics and locations of retail properties are highly important.

The quality of our portfolio has improved further with the sale of various non-strategic properties in France and the Netherlands. Furthermore, food & beverage assets in centre of Utrecht were added to our core city assets portfolio.

On Budget Day, the Dutch government announced its tax plans. Some time after, due to increasing resistance from the opposition the government decided to cancel the intended abolition of the dividend tax and the associated abolition of the FII regime. This is good news for Vastned because it means that the tax regime in the Netherlands will remain unchanged. Even so, Vastned will continue to advocate conversion into a REIT regime for property funds.

On 19 October 2018, we started a share buyback programme of a maximum of € 40 million. Investment opportunities for core city assets to which Vastned can add value are currently limited and yields are at a historic low. We believe that a share buyback is currently the best alternative to generate returns for our shareholders.

Over the remaining months of this year we will continue step by step to implement our strategy and we anticipate a direct result for 2018 at the top of the range announced earlier, i.e. between € 2.15 and € 2.20 per share.’

REVIEW OF THE PROPERTY PORTFOLIO

Occupancy rate

In 2018, the occupancy rate of the total portfolio fell from 98.1% at year-end 2017 to 96.3% as at 30 September 2018. The occupancy rate the core city assets fell from 99.6% to 96.7%. This decrease was due primarily to the departure at the end of May 2018 of Salvatore Ferragamo from our property at Calle de Serrano 36 in Madrid. Negotiations with interested parties are at an advanced stage and we expect this property to be leased before the end of this year. The occupancy rate of the mixed retail locations rose from 95.1% to 95.5% driven by new lettings in the Netherlands.

Occupancy rate (%)	Core city assets		Mixed retail locations		Total	
	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
Netherlands	99,2	99,6	94,6	93,7	97,6	97,1
France	99,2	99,3	80,0	83,7	98,2	98,4
Belgium	97,4	99,9	97,9	98,4	97,6	99,1
Spain	65,9	100,0	100,0	100,0	67,6	100,0
Total	96,7	99,6	95,5	95,1	96,3	98,1

Leasing activity

In the first nine months of 2018, Vastned concluded 59 leases for € 8.2 million in total, or 10.8% of the theoretical total annual gross rental income.

23 leases were agreed for core city assets, for a total of € 6.4 million, with a 2.0% average rent increase (approx. € 0.1 million). The rental income from the 36 leases concluded for mixed retail locations fell by 10.1% (approx. € 0.2 million).

Of the 59 new leases, 16 were concluded in the third quarter of 2018 for € 1.1 million in total. Two of these were concluded for core city assets and 14 for mixed retail locations. Vastned agreed leases with tenants including Sessùn in Lille, Levi's in Liège, A.S. Watson in Nijmegen and Okaidi in Mechelen.

9M 2018

	Leasing activity			Rental change	
	number of leases	€ million	% of theoretical annual rent	€ million	%
Core city assets	23	6,4	8,4	0,1	2,0
Mixed retail locations	36	1,8	2,4	(0,2)	(10,1)
Total	59	8,2	10,8	(0,1)	(0,9)

Acquisitions and divestments

In the first half of 2018, Vastned acquired food & beverage properties in the historic city centre of Utrecht. In early January, the sale was completed of Vredenburg 1 and in the beginning of May, Drieharingstraat 2-8, 14-18 and 22 were purchased for € 11.0 million including acquisition costs. No acquisitions took place in the third quarter of 2018.

In the first nine months of 2018, Vastned sold non-strategic assets in the Netherlands and France for € 64.3 million in total, including the sale in the third quarter of 2018 of a property at Kerkstraat 55 in Hilversum and 12 units in the Centre Commercial Beaubreuil in Limoges.

PRESS RELEASE

UNIQLO opens flagship store at Kalverstraat 11/Rokin 12 in Amsterdam

On 28 September 2018, UNIQLO opened its first shop in the Netherlands in the property on Kalverstraat 11/Rokin 12 in Amsterdam. UNIQLO has been the tenant of this Vastned property since 1 February 2018. After an extensive refurbishment UNIQLO's new flagship store opened for business amid great public interest.



FINANCING STRUCTURE

In the third quarter of 2018, Vastned renegotiated its syndicated credit facility for an amount of € 325 million with a 5-year duration until September 2023. Furthermore, a new 7-year € 50 million loan was taken out with AXA Real Estate Investment Management SGP, which acts on behalf of its clients.

FII REGIME IN THE NETHERLANDS RETAINED

On 18 September 2018 the Dutch government presented its new tax plan that was intended to abolish the dividend tax and the FII regime. The plan was attacked by the opposition and after a re-evaluation the government announced on 15 October 2018 that the abolition of the dividend tax and the associated abolition of the FII regime would be cancelled. This means that the tax regime in the Netherlands will remain unchanged. Vastned will continue its discussions with the ministries involved and will seize this opportunity to advocate conversion of the existing FII regime into a REIT regime, in line with surrounding countries.

EVENTS AFTER BALANCE SHEET DATE

On 19 October 2018, Vastned announced a share buyback programme of a maximum of € 40 million. The objective of the buyback programme is to generate return for shareholders. At this time the investment opportunities for core city assets that Vastned can add value to are limited and the yields on this kind of property are at a historic low. The Executive Board of Vastned believes that investing by repurchasing the company's own shares at this time is the best alternative to generate return for the shareholders. Progress on the buyback programme will be announced weekly in a press release and on www.vastned.com/sharebuyback.

The lease with H&M for Rue de Rivoli 118-120 in Paris will be terminated as of 15 January 2019. Vastned is in discussion with parties interested in leasing the property.

OUTLOOK 2018

Vastned remains cautiously optimistic about market conditions, in spite of the limited investment opportunities and the transition in the retail landscape. The good and stable results of the portfolio confirm that the company is on the right track and Vastned will continue optimising its portfolio step by step, focusing on core city assets.

Vastned anticipates that the direct result 2018 will be at the top of the range announced earlier, i.e. between € 2.15 and € 2.20 per share. Vastned confirms the dividend proposal for 2018 of € 2.05 per share in total.

FINANCIAL CALENDAR 2019

13 February 2019	after trading	Annual results 2018
7 March 2019	before trading	Annual report 2018
18 April 2019		Annual General Meeting of shareholders
24 April 2019		Ex final dividend date 2018
25 April 2019		Final dividend record date 2018
7 May 2019		Payment date final dividend 2018
7 May 2019	after trading	Q1 trading update 2019
31 July 2019	after trading	Half-year results 2019
5 August 2019		Ex interim dividend date 2019
6 August 2019		Interim dividend record date 2019
20 August 2019		Interim dividend payment date 2019
29 October 2019	after trading	9M trading update 2019

ABOUT VASTNED

Vastned is a listed European retail property company (Euronext Amsterdam: VASTN) 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 high streets in the bigger cities. Vastned's tenants are strong and leading international and national retail brands. The property portfolio had a size of approximately € 1.6 billion as at 30 September 2018.

Further information:

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