

PRESS RELEASE

ANNUAL RESULTS 2018

Direct result 2018 above expectation

Highlights 2018

- **Direct result 2018 € 2.22 per share; indirect result 2018 € 0.04 per share**
- **Dividend proposal for 2018 € 2.05 per share**
- **Occupancy rate of portfolio 50 basis points up to 98.6% at year-end 2018**
- **Like-for-like gross rental growth 0.8% for the portfolio; 1.6% for the core city assets**
- **Value increase of the total portfolio € 5.9 million; value increase of the core city assets € 12.1 million***
- **Core city assets portfolio expanded with acquisitions in Amsterdam, Utrecht, Paris and Madrid for € 48.8 million in total**
- **Non-strategic properties in the Netherlands and France sold for € 70.7 million in total**
- **Transformation of the property portfolio has been completed**
- **UNIQLO and Sephora attracted as tenants for core city assets in Amsterdam and Madrid**
- **Takeover bid for Vastned Retail Belgium unsuccessful: 90% minimum acceptance threshold not reached**
- **Dutch government retains FII regime; Vastned advocates conversion to REIT regime**
- **Share buyback programme started of € 40.0 million maximum; repurchased 292.208 shares in 2018**
- **Loan-to-value ratio 39.0% at year-end 2018**
- **Forecast for direct result 2019: € 2.00 - € 2.10 per share**

* Excluding acquisitions and divestments

Amsterdam, 13 February 2019 - Vastned, the listed European retail property company focusing on 'venues for premium shopping', today publishes its annual figures 2018, showing a direct result of € 2.22 per share. For 2019 Vastned forecasts a direct result of between € 2.00 and € 2.10 per share.

Taco de Groot, Vastned CEO: *'In 2018 we made further progress in the execution of our strategy. The transformation of the portfolio is complete; it now consists of 82% high street retail property in larger European cities. We have created a unique portfolio with a high occupancy rate of 98.6% at year-end 2018, which generated a direct result of € 2.22 per share in 2018.*

We are proud that in 2018 we again succeeded in attracting a number of reputed international retailers as tenants for our properties. In September 2018, UNIQLO opened its first flagship store in the Netherlands in our property Kalverstraat 11-17/Rokin 12-16 in Amsterdam. We let Calle Serrano 36 in Madrid to cosmetics brand Sephora, a subsidiary of LVMH. In Le Marais in Paris we bought a retail property from a departing retailer and immediately let it to luxury brand Maje.

We further improved the quality of our portfolio by expanding our high street clusters in Amsterdam, Utrecht, Paris and Madrid with a select few beautiful retail and food & beverage properties. We also sold a number of non-strategic properties in the Netherlands and France in order to further lower the risk profile of the portfolio.

We remain cautious about market conditions in view of the limited investment opportunities and the transition in the retail landscape. Next to low unemployment, economic growth and high consumer confidence, income growth of consumers will be decisive for a healthy retail market in 2019. Points of attention in this context are the uncertainty around Brexit, international trade conflicts, the worldwide debt mountain and economic growth levelling off.

In 2019, we will focus on maintaining the high occupancy rate of the portfolio and especially on attracting a good tenant for Rue de Rivoli 118-120 in Paris, one of our larger assets. The expected vacancy of this property, together with lower rental income as a result of having a smaller portfolio compared to 2018 and the absence of non-recurring income received in 2018, results in an expected direct result for 2019 of between € 2.00 and € 2.10 per share. After the divestments made in 2018, the transformation of our property portfolio is complete, which is expected to result in stable and predictable results and possibly growth in the future. We expect capex to remain at a low level, similar to previous years.'

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Key parameters

The high proportion of high street retail property in larger European cities ensures stable and predictable results.

Annual results 2018 (%)

	Core city assets	Mixed retail locations	Total
Occupancy rate as at 31 December 2018	99.3	96.7	98.6
Like-for-like gross rental growth	1.6	(1.0)	0.8
Value movements*	1.0	(2.1)	0.4
Share of total portfolio	82	18	100
Total value (€ million)	1,290	290	1,580

* Excluding acquisitions and divestments

REVIEW OF THE PROPERTY PORTFOLIO**Portfolio breakdown**

The value of the portfolio as at year-end 2018 was € 1.6 billion; 82% were core city assets and 18% mixed retail locations.

Portfolio breakdown as at 31 December 2018 (€ million)

	Core city assets	Mixed retail locations	Total	% of total
Netherlands	549	136	685	44
France	415	0	415	26
Belgium	232	151	383	24
Spain	94	3	97	6
Total	1,290	290	1,580	100

Occupancy rate

In 2018, the occupancy rate of the total portfolio rose from 98.1% at year-end 2017 to 98.6% at year-end 2018. In this period, the occupancy rate of the core city assets fell from 99.6% to 99.3%, while the occupancy rate of the mixed retail locations rose from 95.1% to 96.7%.

Occupancy rate (%)

	Core city assets			Mixed retail locations			Total		
	31 Dec 2018	30 Sept 2018	31 Dec 2017	31 Dec 2018	30 Sept 2018	31 Dec 2017	31 Dec 2018	30 Sept 2018	31 Dec 2017
Netherlands	100.0	99.2	99.6	95.3	94.6	93.7	98.5	97.6	97.1
France	99.2	99.2	99.3	100.0	80.0	83.7	99.2	98.2	98.4
Belgium	97.7	97.4	99.9	98.3	97.9	98.4	98.0	97.6	99.1
Spain	100.0	65.9	100.0	100.0	100.0	100.0	100.0	67.6	100.0
Total	99.3	96.7	99.6	96.7	95.5	95.1	98.6	96.3	98.1

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Leasing activity

In the past year, Vastned concluded 71 leases for € 10.6 million in total, or 14.0% of the total annual theoretical gross rental income. 29 leases were agreed for core city assets, for a total of € 8.5 million. The average rent increase on core city assets leases was 1.4% (approx. € 0.1 million). This increase included the relatively large tenant swap from Forever 21 to UNIQLO (Kalverstraat 11-17/Rokin 12-16, Amsterdam), which on balance took place at virtually identical conditions. The other 42 leases were concluded for mixed retail locations, for a total of € 2.1 million. On these leases, rents declined on average by 9.4% (approx. € 0.2 million).

2018

	Leasing activity			Rental change	
	Number of leases	€ million	% of theoretical annual rent	€ million	%
Core city assets	29	8.5	11.2	0.1	1.4
Mixed retail locations	42	2.1	2.8	(0.2)	(9.4)
Total	71	10.6	14.0	(0.1)	(0.9)

In Q4 2018, Vastned concluded twelve leases, six for core city assets and six for mixed retail locations, for € 2.4 million in total. The main new leases were those with Sephora for Calle Serrano 36 in Madrid and with Maje for the property that was recently acquired on Rue des Francs Bourgeois 12 in Paris. In Brussels the lease with Carrefour was renewed.

Q4 2018

	Leasing activity			Rental change	
	Number of leases	€ million	% of theoretical annual rent	€ million	%
Core city assets	6	2.1	2.8	0.0	(0.3)
Mixed retail locations	6	0.3	0.4	0.0	(5.0)
Total	12	2.4	3.2	0.0	(0.9)

Lease incentives

Lease incentives, such as rent-free periods, lease discounts and other payments or contributions to tenants, stood at an average of 2.7% in 2018. This was higher than in 2017 (2.2%), predominantly as a result of the tenant swap from Forever 21 to UNIQLO (Kalverstraat 11-17/Rokin 12-16, Amsterdam). The difference between the actual and the IFRS lease incentives is the straightlining of lease incentives. In actual amounts the difference in lease incentives was € 0.4 million, amounting € 2.2 million in 2018 compared to € 1.8 million in 2017.

**Lease incentives
(% of gross rental income)**

	2018		2017	
	Actual	IFRS	Actual	IFRS
Core city assets	5.6	2.9	2.6	2.2
Mixed retail locations	1.5	2.1	2.7	2.3
Total	4.4	2.7	2.6	2.2

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Value movements

The value of the property portfolio excluding acquisitions and divestments rose by € 5.9 million, or 0.4%, compared to year-end 2017. The increase was due to the value increase of the core city assets of € 12.1 million, or 1.0%, which amply compensated for the € 6.2 million decrease on the mixed retail locations.

Value movements 2018*

	€ million	%
Core city assets	12.1	1.0
Mixed retail locations	(6.2)	(2.1)
Total	5.9	0.4

* Excluding acquisitions and divestments

Acquisitions

Vastned has expanded its core city asset portfolio with acquisitions for a total amount of € 48.8 million.

In Amsterdam Reguliersdwarstraat 80-84 was bought for € 5.7 million including acquisition costs. This concerned three connected properties, of which the ground floor is leased to Italian restaurant Sale e Pepe. Six apartments are situated above the restaurant, of which one large apartment will be split into two and fully renovated.



Early January, the purchase of Vredenburg 1 in Utrecht was finalised, which is leased longterm to Dunkin' Donuts. Also, Drieharingstraat 2-8, 14-18 and 22 were acquired for € 11.0 million including acquisition costs. This acquisition comprises four leased properties including office space on the upper floors, located in Utrecht's new culinary high street.

In Paris Vastned expanded its cluster in the popular Le Marais district with two core city assets. The first property is the corner shop on Rue des Francs Bourgeois 12, which was bought for € 16.0 million including acquisition costs. The property was purchased without a tenant, and prior to the acquisition Vastned concluded a lease with Maje. The second property is Rue des Francs Bourgeois 10, which is leased to Guerlain. The purchase price was € 12.0 million including acquisition costs. Vastned now has seven retail properties in Le Marais with an approximate total value of € 90 million, making it one of the biggest retail property owners in this historic district.



In Madrid Calle de Fuencarral 27 was bought for € 4.2 million including acquisition costs. It is leased to Comptoir des Cotonniers. The property next door is also owned by Vastned; it is leased to Birkenstock.

Divestments

As part of its strategy to further lower the risk profile of the portfolio, Vastned sold non-strategic property for € 70.7 million in the Netherlands and France in 2018.

In the Netherlands, Vastned sold its shared ownership of the Walburg shopping centre in Zwijndrecht for € 16.5 million, and in Harderwijk shopping centre Vuldersbrink was sold for € 6.1 million. The following mixed retail locations in the Netherlands were sold for € 8.9 million in total: Friesestraat 14 and Weeshuisstraat 9 in Coevorden, Nieuwstad 57-59 in Doetinchem, Voorstraat 262 in Dordrecht, Grote Bredeplaats 26 and Kleine Bredeplaats 8-10 in Harlingen, Schoutenstraat 6 and 8 and Kerkstraat 55 and 87 in Hilversum, Hoofdstraat 157 in Hoogeveen, Tolberterstraat 3-5 in Leek, Ruiterskwartier

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127 and 135 in Leeuwarden, Lange Delft 59 in Middelburg, Arendshof 48-52 in Oosterhout, Schaapmarktplein 4 and Oosterdijk 58 in Sneek and Navolaan 9-12 in Stadskanaal.

In France, Vastned sold Rue Saint-Jean 44-45 in Nancy and Rue Saint-Ferréol 29 in Marseille for € 37.3 million in total. In addition, Vastned divested its interests in two shopping centres in Limoges, Centre Commercial Beaubreuil and Centre Commercial Limoges Cognac, for € 1.9 million in total.

NOTES TO THE FINANCIAL RESULTS

Financial results (€ million)

	2018	2017
Direct result	40.4	41.1
Indirect result	0.7	53.5
Result attributable to Vastned Retail shareholders	41.1	94.6
Result attributable to non-controlling interests	2.5	12.0
Result after taxes	43.6	106.6

Result attributable to Vastned Retail shareholders

The result attributable to Vastned shareholders, which comprises the direct and indirect results, was € 41.1 million in 2018 (2017: € 94.6 million). The main factor in this lower result was the fall of the indirect result from € 53.5 million in 2017 to € 0.7 million in 2018. This was caused mainly by lower positive value movements.

The direct result fell from € 41.1 million in 2017 to € 40.4 million in 2018 mainly due to lower net rental income caused by divestments in the Netherlands and France. The decrease was partly offset by the buy-out payment received from Forever 21 for Kalverstraat 11-17/Rokin 12-16 in Amsterdam and by lower operating expenses. In addition, interest expenses fell due to on average lower interest-bearing debts as a result of the divestments and the refinancing in 2017 of the loan portfolio in Belgium.

The indirect result fell from € 53.5 million in 2017 to € 0.7 million in 2018. This decrease was mainly caused by lower positive property value movements compared to 2017. In 2018, the value of the total property portfolio, taking into account the write-off of acquisition costs, rose by € 4.1 million. The value of the core city assets increased by € 10.2 million, while the value of the mixed retail locations fell by € 6.1 million. As a result of the changed market interest rate the value movements of the interest rate derivatives were € 1.5 million negative. In 2018, an amount of € 2.3 million was allocated to the provision for deferred tax liabilities for the value increase of the property held by regularly taxed entities in the Netherlands and Spain. Abortive purchase costs relating to the takeover bid for the Vastned Retail Belgium shares were € 1.6 million. The portion of the investment result attributable to non-controlling interests in 2018 was € 2.5 million positive.

Result per share

The result per share attributable to Vastned shareholders was € 2.26 in 2018 (2017: € 5.11). This result comprised the direct result per share of € 2.22 (2017: € 2.22) and the indirect result per share of € 0.04 (2017: € 2.89).

NET INCOME FROM PROPERTY

Gross rental income

The gross rental income including non-recurring items was € 77.1 million in 2018 against € 77.5 million in 2017. The movements are detailed in the tables below.

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Core city assets (€ thousand)	Netherlands	France	Belgium	Spain	Total continued operations	Non-recurring items/ discontinued operations	Total
Gross rental income 2017	20,680	16,612	9,988	3,148	50,428	1,851	52,279
Acquisitions	792	333	131	15	1,271	-	1,271
Divestments	(117)	(1,629)	-	-	(1,746)	(1,851)	(3,597)
Like-for-like rental growth	977	233	92	(541)	761	4,041	4,802
Gross rental income 2018	22,332	15,549	10,211	2,622	50,714	4,041	54,755
Other income	-	346	-	-	346	-	346
Operating expenses*	(2,322)	(963)	(812)	(183)	(4,280)	-	(4,280)
Net rental income 2018	20,010	14,932	9,399	2,439	46,780	4,041	50,821
Net rental income 2017	18,148	15,999	9,192	2,930	46,269	1,811	48,080
Operating expenses as a % of gross rental income 2018	10.4	6.2	8.0	7.0	8.4	-	7.8
Operating expenses as a % of gross rental income 2017	12.2	5.9	8.0	6.9	9.0	-	8.7
Mixed retail locations (€ thousand)	Netherlands	France	Belgium	Spain	Total continued operations	Non-recurring items/ discontinued operations	Total
Gross rental income 2017	16,401	1,019	9,455	177	27,052	-	27,052
Acquisitions	-	-	-	-	-	-	-
Divestments	(4,247)	(274)	-	-	(4,521)	-	(4,521)
Like-for-like rental growth	(338)	(3)	113	2	(226)	-	(226)
Gross rental income 2018	11,816	742	9,568	179	22,305	-	22,305
Other income	-	22	-	-	22	-	22
Operating expenses*	(1,124)	(376)	(865)	(7)	(2,372)	-	(2,372)
Net rental income 2018	10,692	388	8,703	172	19,955	-	19,955
Net rental income 2017	14,423	689	8,671	170	23,953	-	23,953
Operating expenses as a % of gross rental income 2018	9.5	50.7	9.0	3.9	10.6	-	10.6
Operating expenses as a % of gross rental income 2017	12.1	34.8	8.3	4.0	11.5	-	11.5
Total (€ thousand)	Netherlands	France	Belgium	Spain	Total continued operations	Non-recurring items/ discontinued operations	Total
Gross rental income 2017	37,081	17,631	19,443	3,325	77,480	1,851	79,331
Acquisitions	792	333	131	15	1,271	-	1,271
Divestments	(4,364)	(1,903)	-	-	(6,267)	(1,851)	(8,118)
Like-for-like rental growth	639	230	205	(539)	535	4,041	4,576
Gross rental income 2018	34,148	16,291	19,779	2,801	73,019	4,041	77,060
Other income	-	368	-	-	368	-	368
Operating expenses*	(3,446)	(1,339)	(1,677)	(190)	(6,652)	-	(6,652)
Net rental income 2018	30,702	15,320	18,102	2,611	66,735	4,041	70,776
Net rental income 2017	32,571	16,688	17,863	3,100	70,222	1,811	72,033
Operating expenses as a % of gross rental income 2018	10.1	8.2	8.5	6.8	9.1	-	8.6
Operating expenses as a % of gross rental income 2017	12.2	7.5	8.1	6.8	9.9	-	9.7

*Including ground rents paid and net service charge expenses

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Acquisitions (€ 1.3 million increase)

Vastned expanded its portfolio in 2017 and 2018 by acquiring core city assets in its four core countries. This caused the gross rental income to rise in 2018 by € 1.3 million compared to 2017, of which € 0.8 million related to acquisitions made in 2017 and € 0.5 to transactions completed in 2018.

In 2018, the core city assets Vredenburg 1, Drieharingstraat 2-8, 14-18 and 22 in Utrecht and Reguliersdwarstraat 80-84 in Amsterdam were purchased. These properties combined with a number of acquisitions in Amsterdam and Utrecht in 2017 led to an increase in gross rental income in the Netherlands of € 0.8 million.

In France the core city assets Rue des Francs Bourgeois 10 and 12 in Paris were acquired. These properties, combined with the properties Rue des Francs Bourgeois 29 and Rue des Rosiers 19 in Paris acquired in 2017 yielded a € 0.3 million increase in gross rental income in France.

Finally, the core city asset Calle de Fuencarral 27 in Madrid was bought, which together with the acquisition in 2017 of Steenhouwersvest 44-46-48 in Antwerp resulted in a € 0.2 million rise of the gross rental income.

Divestments (€ 6.2 million decrease)

In order to further improve the quality of the portfolio Vastned sold property for € 122.8 million in 2017 (€ 27.1 million excluding Turkey) and € 70.7 million in 2018. This caused a € 6.2 million fall in the gross rental income in 2018 compared to 2017. Property divestments in the Netherlands accounted for € 4.3 million of this decrease, of which € 2.1 million was due to divestments in 2018 and € 2.2 million to divestments in 2017. In France, properties that were sold in 2018 were located in Nancy, Marseille and Limoges resulting in a € 1.9 million decrease of the gross rental income.

Like-for-like gross rental growth (€ 0.5 million increase)

The like-for-like rental growth of the gross rental income was € 0.5 million positive (0.8%). The like-for-like rental growth of the core city assets was € 0.7 million positive (1.6%). The like-for-like gross rental growth of the mixed retail locations was € 0.2 million negative (-1.0%).

Non-recurring items (€ 4.0 million increase)

In 2018, a non-recurring buy-out payment of € 5.3 million was received from the former tenant of the property Kalverstraat 11-17/Rokin 12-16 in Amsterdam. Also, a € 0.5 million non-recurring buy-out payment was paid to a departing tenant of the property Kalverstraat 162-164 in Amsterdam in order to enable us to relet the property to a new tenant at far better conditions. These non-recurring items have been fully recognised in the direct result. In order to present a balanced view of the like-for-like gross rental growth, these non-recurring payments have been spread over the duration of the leases with the new tenants. As a result, the gross rental income in the financial statements is € 4.0 million higher than the gross rental income used in the calculation of the 2018 like-for-like gross rental growth.

Operating expenses (including ground rents paid and net service charge expenses)

The operating expenses in 2018 were € 6.6 million, € 1.0 million lower than in 2017. This was caused mainly by lower maintenance costs and local taxes, partly as a result of divestments of non-strategic property in the Netherlands and France. The operating expenses expressed as a percentage of gross rental income in 2018 equalled 9.1% (2017: 9.9%). Core city assets had lower operating expenses (8.4%) than mixed retail locations (10.6%).

Value movements property

The value movements, taking property acquisition costs into account, were € 4.1 million positive in 2018. The € 6.1 million value decrease of the mixed retail locations was comfortably set off by the value increase of the core city assets of € 10.2 million.

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The value movements of the core city assets included value increases in the Dutch and Spanish property portfolios of € 21.5 million and € 1.6 million respectively, but also value decreases in the French and Belgian property portfolios of € 8.5 million and € 4.4 million respectively.

The value movements of the mixed retail locations in the Dutch and Belgian property portfolios were € 3.4 million negative and € 2.7 million negative respectively.

Net result on disposal of property

In 2018, Vastned sold property for € 70.5 million (book value), of which € 31.5 million in the Netherlands and € 39.0 million in France. After deduction of sales costs, a positive net sales result of € 0.2 million was recognised on these divestments. The net proceeds of the divestments was therefore € 70.7 million.

EXPENDITURE

Net financing costs

The net financing costs including value movements of financial derivatives increased from € 16.0 million in 2017 to € 17.2 million in 2018. The development of the net financing costs is explained in the table below.

Development of net financing costs

(€ million)

Net financing costs 2017	16.0
Decrease due to net divestments	(1.3)
On balance decrease due to lower average interest rate and changes in fixed/floating interest and working capital	(1.2)
Value movements financial derivatives	3.7
Net financing costs 2018	17.2

The net financing costs fell by € 1.3 million due to lower average interest-bearing debts resulting from divestments. The average interest rate decreased by 20 basis points from 2.73% in 2017 to 2.53% in 2018, which decreased interest expenses by € 1.2 million. As a result of the changed market interest rate, the value movements of the interest rate derivatives were € 1.5 million negative compared to € 2.2 million positive in 2017.

General expenses

The general expenses were € 8.8 million in 2018 (2017: € 8.6 million). Lower personnel costs were cancelled out by higher consultancy and audit costs and IT costs.

Abortive purchase costs

Abortive purchase costs were € 1.6 million in 2018; they related to the takeover bid for the Vastned Retail Belgium shares that Vastned did not yet directly or indirectly hold. These costs were mainly for legal and financial advisers, but also included costs for commissioning an independent fairness opinion and marketing costs. The bid failed because the minimum acceptance threshold of 90% of the free float was not reached.

Current income tax expense

The income tax payable on the reporting period for the regularly taxed entities in the Netherlands, Belgium and Spain was € 0.5 million in 2018 (2017: € 0.1 million). The € 0.4 increase was due to a higher tax expense, especially of the entities subject to taxation in the Netherlands.

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Movement in deferred tax assets and liabilities

The movements in deferred tax assets and liabilities in 2018 were € 3.4 million negative (2017: € 2.7 million negative). The allocation to the provision for deferred tax assets and liabilities in 2018 was due mainly to value increases of the core city assets in Spain and the value increase of one core city asset in the Netherlands that is held by a regularly taxed entity.

RESULT FROM DISCONTINUED OPERATIONS

The result from discontinued operations in 2018 was nil. In 2017, the result from the discontinued Turkish operations was € 1.7 million.

FINANCING STRUCTURE

Financing is 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 good diversification of financing sources, e.g. by placing long-term bond loans with institutional investors (such as private placements). With these private placements, Vastned has extended the duration of the long-term loan portfolio and realised a better diversification of financing sources. Also, the existing interest rate policy to fix the interest rate of approximately two thirds of the loan portfolio was continued.

In 2018, Vastned lowered its syndicated credit facility from an amount of € 375 million to € 325 million and extended the maturity until September 2023. Furthermore, a new 7-year € 50 million loan was placed through AXA Real Estate Investment Managers SGP.

Financing structure	31 December 2018	31 December 2017
Loan-to-value (%)	39.0	38.8
Solvency* (%)	59.0	59.2
Interest coverage ratio	4.5	3.9

* Group equity plus deferred tax liabilities divided by the balance sheet total

With a solvency ratio of 59.0% and an interest coverage ratio of 4.5, Vastned complies with all the bank covenants. All financing contracts stipulate a 45% minimum solvency rate and usually require a minimum 2.0 interest coverage ratio. Most financing agreements include a negative pledge clause, with a limited threshold for putting up security.

Loan portfolio as at 31 December 2018

(€ million)

	Fixed interest*	Floating interest	Total	% of total
Long-term debt	402.3	73.3	475.6	77.2
Short-term debt	134.7	6.0	140.7	22.8
Total	537.0	79.3	616.3	100.0
% of total	87.1	12.9	100.0	

* Interest rate derivatives taken into account

As at 31 December 2018, the loan portfolio was 87.1% fixed interest. The share of non-bank loans was 52.3% as at year-end 2018, well above the internal target of 25%.

DEVELOPMENT OF NET ASSET VALUE PER SHARE

As a result of the combined direct and indirect results per share of € 2.26 positive, the other movements of € 0.14 positive (including adjustment related to IFRS 9) and the 2017 final dividend distribution of € 1.41 and the interim dividend distribution

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2018 of € 0.71, the net asset value per share rose from € 46.12 at year-end 2017 to € 46.40 as at year-end 2018. EPRA NNNAV per share was € 46.49 as at year-end 2018 compared to € 45.66 at year-end 2017.

DIVIDEND DISTRIBUTION FOR 2017 AND DIVIDEND PROPOSAL FOR 2018

The Annual General Meeting of 19 April 2018 declared a dividend for the 2017 financial year of € 2.05 per share, which was charged to the freely distributable reserves. In August 2017, an interim dividend of € 0.64 per share had already been distributed, so the final dividend for 2017 was € 1.41 per share.

In accordance with the dividend policy, on 21 August 2018 60% of the direct result for the first half year of 2018, or € 0.71 per share, was distributed as interim dividend. In the Annual General Meeting of shareholders of 18 April 2019, Vastned will propose to declare a dividend for the 2018 financial year of € 2.05 per share, unchanged from the three years before. Taking the interim dividend of € 0.71 that has already been distributed into account, a final dividend will be declared of € 1.34 per share. The final dividend will be made payable on 7 May 2019.

TAKEOVER BID FOR VASTNED RETAIL BELGIUM UNSUCCESSFUL

On 12 April 2018 Vastned, supported by the full board of directors of Vastned Retail Belgium, issued a takeover bid for all shares in Vastned Retail Belgium it did not yet directly or indirectly hold. After the prospectus was approved, the single acceptance period started on 2 May 2018; it ran until 1 June 2018. During the acceptance period 1.2 million shares were offered, or 70% of the free float, with which the minimum required acceptance threshold of 90% of the free float was not reached. This meant that the takeover bid failed, and that all shareholders of Vastned Retail Belgium, also those who offered their shares for sale, have retained them. The proposed transformation of Vastned Retail Belgium's status to a specialised property investment fund (FIIS) was cancelled and the shares will continue to be listed on Euronext Brussels.

FII REGIME IN THE NETHERLANDS RETAINED

On 18 September 2018 the Dutch government presented its new tax plan that was intended to abolish 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 to advocate conversion of the existing FII regime into a REIT regime that is comparable with REIT regimes in surrounding countries.

SHARE BUYBACK PROGRAMME

On 19 October 2018, Vastned announced a share buyback programme of a maximum of € 40 million. The execution of the share buyback programme is dependent on market conditions, for which reason it may be possible that not the full amount will be repurchased. The programme started on 19 October 2018 and will run up to and including 31 March 2019. In 2018, 292,208 shares were purchased for a total amount of € 9.8 million. The purchased shares will be held as treasury shares.

EVENTS AFTER BALANCE SHEET DATE

On 17 January 2019, Vastned placed a € 50 million long-term bond loan with Pricoa Capital Group. The bond loan has a 7-year maturity and a 2.73% coupon. The new loan will be used to refinance existing loans. Vastned's present financing structure, including the abovementioned new loan, provides sufficient financial room to redeem the convertible bond loan that matures in April 2019.

On 31 January 2019, Vastned sold the non-strategic property In de Cramer 140 in Heerlen for € 3.5 million.

In the context of the share buyback programme announced on 19 October 2018 Vastned purchased 217,670 shares for € 7.1 million in total in the period 1 January 2019 up to and including 7 February 2019.

PRESS RELEASE

OUTLOOK 2019

Vastned remains cautious about market conditions in view of the limited investment opportunities and the transition in the retail landscape. Next to low unemployment, economic growth and high consumer confidence, income growth of consumers will be decisive for a healthy retail market in 2019. Points of attention in this context are the uncertainty around Brexit, international trade conflicts, the worldwide debt mountain and economic growth levelling off.

The changes in the retail market will come into sharper focus. Retailers will have to keep innovating and investing in their business models, shops and staff. Some retailers will be successful, while others will lose out and disappear from the retail landscape. Vastned will continue its strategy step by step and remains focused on active asset management and optimising the portfolio. The company must be alert to changing circumstances and will have to keep working hard to attract and retain successful retailers. In terms of acquisitions we will remain critical and cautious; quality of the portfolio is more important than growth. Vastned will make acquisitions only when they fit its strategy and add value to the portfolio.

In 2019, Vastned will focus on maintaining the high occupancy rate of the portfolio and especially on attracting a good tenant for Rue de Rivoli 118-120 in Paris, one of the larger assets of Vastned. The expected vacancy of this property, together with lower rental income as a result of having a smaller portfolio compared to 2018 and the absence of non-recurring income received in 2018, results in an expected direct result for 2019 of between € 2.00 and € 2.10 per share. After the divestments made in 2018, the transformation of the property portfolio is complete which is expected to result in stable and predictable results and possibly growth in the future. Vastned expects capex to remain at a low level, similar to previous years. From 2019 onwards, Vastned will no longer distinguish between core city assets and mixed retail locations.

CONFERENCE CALL

On 14 February 2019 at 10am, Vastned will comment on the annual results 2018 in a conference call and a presentation for investors and analysts. The conference call can be followed live on www.vastned.com/webcast.

FINANCIAL CALENDAR 2019

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 31 December 2018.

Further information:

Ronald Beemsterboer, Investor Relations Manager

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KEY FIGURES

Results (€ thousand)

	31 December 2018	31 December 2017
Gross rental income from continuing operations	77,060	77,480
Direct result	40,354	41,134
Indirect result	741	53,511
Result	41,095	94,645

Balance sheet (€ thousand)

Property	1,579,569 ¹	1,591,564 ²
Equity	923,029	933,415
Equity Vastned Retail shareholders	830,392	838,685
Long-term liabilities	505,357	633,910
Solvency (%)	59.0	59.2
Loan-to-value (%)	39.0	38.8
Interest coverage ratio	4.5	3.9
Financial occupancy rate total portfolio (%)	96.7	97.1
Core city assets (%)	97.6	98.9
Mixed retail locations (%)	94.5	93.8
Average number of ordinary shares in issue	18,151,962	18,505,783
Number of ordinary shares in issue (end of period)	17,894,592	18,186,800

Per share (€)

Equity Vastned Retail shareholders at beginning of year (including final dividend)	46.12	42.26
Adjustment related to IFRS 9	(0.07)	-
	46.05	42.26
Final dividend previous financial year	(1.41)	(1.32)
<i>Equity Vastned Retail shareholders at beginning of period (excluding final dividend)</i>	44.64	40.94
Direct result	2.22	2.22
Indirect result	0.04	2.89
Result	2.26	5.11
Remeasurement of defined benefit pension obligation	0.01	0.05
Reclassification of unrealised results of financial derivatives to profit and loss account, after tax	(0.01)	(0.01)
Reclassification of translation reserve to profit and loss account	-	0.31
Other movements	0.21	0.36
Interim-dividend	(0.71)	(0.64)
<i>Equity Vastned Retail shareholders at end of period (including final dividend)</i>	46.40	46.12
Share price (end of period)	31.30	41.30
Premium/(Discount) (%)	(32.5)	(10.5)

¹ Including Assets held for sale at € 3,500² Including Assets held for sale at € 65,202

DIRECT AND INDIRECT RESULT (€ THOUSAND)

Direct result

	Year 2018	Year 2017	HY2 2018	HY2 2017
Gross rental income	77,060	77,480	35,695	38,673
Other income	368	384	179	200
Ground rents paid	(124)	(143)	(62)	(74)
Net service charge expenses	(501)	(475)	(205)	(177)
Operating expenses	(6,027)	(7,024)	(2,247)	(2,773)
<i>Net rental income</i>	70,776	70,222	33,360	35,849
Financial income	40	21	25	12
Financial expenses	(15,035)	(17,608)	(7,632)	(8,463)
<i>Net financing costs</i>	(14,995)	(17,587)	(7,607)	(8,451)
General expenses	(8,753)	(8,545)	(4,311)	(4,040)
<i>Direct result before taxes</i>	47,028	44,090	21,442	23,358
Current income tax expense	(529)	(104)	(186)	(105)
Movement deferred taxes assets and liabilities	(1,110)	106	141	115
<i>Direct result after taxes from continuing operations</i>	45,389	44,092	21,397	23,368
<i>Direct result after taxes from discontinued operations</i>	-	1,656	-	-
<i>Direct result after taxes</i>	45,389	45,748	21,397	23,368
Direct result attributable to non-controlling interests	(5,035)	(4,614)	(2,577)	(2,440)
<i>Direct result attributable to Vastned Retail shareholders</i>	40,354	41,134	18,820	20,928

Indirect result

Value movements property in operation	4,345	64,058	(10,361)	15,040
Value movements assets held for sale	(250)	-	-	-
<i>Total value movements in property</i>	4,095	64,058	(10,361)	15,040
Net result on disposal of property	201	(1,891)	492	(2,472)
Financial expenses	(816)	(817)	(411)	(412)
Value movements financial derivatives	(1,473)	2,255	(825)	338
Reclassification of unrealised results on financial derivatives from equity	116	116	58	58
Abortive purchase costs	(1,599)	-	(101)	-
<i>Indirect result before taxes</i>	524	63,721	(11,148)	12,552
Movement deferred tax assets and liabilities	(2,319)	(2,861)	(871)	(661)
<i>Indirect result after taxes from continuing operations</i>	(1,795)	60,860	(12,019)	11,891
<i>Indirect result after taxes from discontinued operations</i>	-	1	-	-
<i>Indirect result after taxes</i>	(1,795)	60,861	(12,019)	11,891
Indirect result attributable to non-controlling interests	2,536	(7,350)	2,268	(2,371)
<i>Indirect result attributable to Vastned Retail shareholders</i>	741	53,511	(9,751)	9,520
<i>Result attributable to Vastned Retail shareholders</i>	41,095	94,645	9,069	30,448

DIRECT AND INDIRECT RESULT

Per share (€)

	Year 2018	Year 2017	HY2 2018	HY2 2017
Direct result attributable to Vastned Retail shareholders	2.22	2.22	1.04	1.15
Indirect result attributable to Vastned Retail shareholders	0.04	2.89	(0.54)	0.52
<i>Result attributable to Vastned Retail shareholders</i>	2.26	5.11	0.50	1.67

CONSOLIDATED PROFIT AND LOSS ACCOUNT (€ THOUSAND)

	Year 2018	Year 2017	HY2 2018	HY2 2017
Income from property				
Gross rental income	77,060	77,480	35,695	38,673
Other income	368	384	179	200
Ground rents paid	(124)	(143)	(62)	(74)
Net service charge expenses	(501)	(475)	(205)	(177)
Operating expenses	(6,027)	(7,024)	(2,247)	(2,773)
<i>Net rental income</i>	70,776	70,222	33,360	35,849
Value movements in property in operation	4,345	64,058	(10,361)	15,040
Value movements in assets held for sale	(250)	-	-	-
<i>Total value movements in property</i>	4,095	64,058	(10,361)	15,040
Net result on disposal of property	201	(1,891)	492	(2,472)
<i>Total net income from property</i>	75,072	132,389	23,491	48,417
Expenditure				
Financial income	40	21	25	12
Financial expenses	(15,851)	(18,425)	(8,043)	(8,875)
Value movements in financial derivatives	(1,473)	2,255	(825)	338
Reclassification of unrealised results on financial derivatives from equity	116	116	58	58
<i>Net financing costs</i>	(17,168)	(16,033)	(8,785)	(8,467)
General expenses	(8,753)	(8,545)	(4,311)	(4,040)
Abortive purchase costs	(1,599)	-	(101)	-
<i>Total expenditure</i>	(27,520)	(24,578)	(13,197)	(12,507)
<i>Result before taxes</i>	47,552	107,811	10,294	35,910
Current income tax expense	(529)	(104)	(186)	(105)
Movement in deferred tax assets and liabilities	(3,429)	(2,755)	(730)	(546)
<i>Total income tax</i>	(3,958)	(2,859)	(916)	(651)
<i>Result after tax from continuing operations</i>	43,594	104,952	9,378	35,259
<i>Result after tax from discontinued operations</i>	-	1,657	-	-
<i>Result after taxes</i>	43,594	106,609	9,378	35,259
Result from continuing operations attributable to Vastned Retail shareholders	41,095	92,988	9,069	30,448
Result from discontinued operations attributable to Vastned Retail shareholders	-	1,657	-	-
Result attributable to non-controlling interests	2,499	11,964	309	4,811
	43,594	106,609	9,378	35,259
Per share (€)				
Result from continuing operations	2.26	5.02	0.50	1.67
Result from discontinued operations	-	0.09	-	-
<i>Result</i>	2.26	5.11	0.50	1.67
Diluted result from continuing operations	2.14	4.57	0.50	1.49
Diluted result from discontinued operations	-	0.08	-	-
<i>Diluted result</i>	2.14	4.65	0.50	1.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ THOUSAND)

	Year 2018	Year 2017	HY2 2018	HY2 2017
Result after taxes from continuing operations	43,594	104,952	9,378	35,259
Result after taxes from discontinued operations	-	1,657	-	-
<i>Result after taxes</i>	43,594	106,609	9,378	35,259
Items not reclassified to the profit and loss account				
Remeasurement of defined benefit obligation	259	815	259	815
Taxes on items not reclassified to the profit and loss account	-	-	-	-
Items that have been or could be reclassified to the profit and loss account				
Reclassification of unrealised results on financial derivatives to profit and loss account	(116)	(116)	(58)	(58)
Reclassification of the translation reserve to the profit and loss account	-	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>	143	6,427	201	757
<i>Total result</i>	43,737	113,036	9,579	36,016
Attributable to:				
Vastned Retail shareholders	41,238	101,072	9,270	31,205
Non-controlling interests	2,499	11,964	309	4,811
	43,737	113,036	9,579	36,016

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER (€ THOUSAND)

	2018	2017
Assets		
Property in operation	1,571,727	1,523,723
Accrued assets in respect of lease incentives	4,342	2,639
Total property	1,576,069	1,526,362
Tangible fixed assets	1,114	1,120
Total fixed assets	1,577,183	1,527,482
Assets held for sale	3,500	65,202
Debtors and other receivables	8,905	2,894
Income tax	116	155
Financial derivatives	1,546	2,077
Cash and cash equivalents	14,067	70,328
Total assets	1,591,250	1,597,810
Equity and liabilities		
Capital paid-up and called	95,183	95,183
Share premium reserve	472,640	472,640
Hedging reserve in respect of financial derivatives	267	383
Other reserves	221,207	175,834
Result attributable to Vastned Retail shareholders	41,095	94,645
Equity Vastned Retail shareholders	830,392	838,685
Non-controlling interests	92,637	94,730
Total equity	923,029	933,415
Deferred tax liabilities	15,628	12,431
Provisions in respect of employee benefits	5,362	5,477
Long-term interest-bearing loans	475,638	608,609
Financial derivatives	5,031	3,558
Guarantee deposits and other long-term liabilities	3,698	3,835
Total long-term liabilities	505,357	633,910
Payable to banks	6,020	7,227
Redemption long-term interest-bearing loans	134,661	18
Income tax	159	186
Other liabilities and accruals	22,024	23,054
Total short-term liabilities	162,864	30,485
Total equity and liabilities	1,591,250	1,597,810

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY (€THOUSAND)

	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	Vastned Retail shareholders	Equity Retail shareholders	Non-controlling interests	Total equity
Balance as at 1 January 2017	95,183	472,640	499	(5,728)	215,412	26,431	804,437	87,060	891,497	
Result	-	-	-	-	-	94,645	94,645	11,964	106,609	
Other comprehensive income	-	-	(116)	5,728	815	-	6,427	-	6,427	
Comprehensive income	-	-	(116)	5,728	815	94,645	101,072	11,964	113,036	
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)	-	-	-	
Buyback of shares	-	-	-	-	(30,059)	-	(30,059)	-	(30,059)	
Balance as at 31 December 2017	95,183	472,640	383	-	175,834	94,645	838,685	94,730	933,415	
Adjustment related to IFRS 9	-	-	-	-	(1,165)	-	(1,165)	-	(1,165)	
Balance as at 1 January 2018	95,183	472,640	383	-	174,669	94,645	837,520	94,730	932,250	
Result	-	-	-	-	-	41,095	41,095	2,499	43,594	
Other comprehensive income	-	-	(116)	259	-	-	143	-	143	
Comprehensive income	-	-	(116)	259	-	41,095	41,238	2,499	43,737	
Final dividend for previous financial year in cash	-	-	-	-	-	(25,644)	(25,644)	(4,592)	(30,236)	
Interim-dividend 2018 in cash	-	-	-	-	(12,912)	-	(12,912)	-	(12,912)	
Contribution from profit appropriation	-	-	-	-	69,001	(69,001)	-	-	-	
Buyback of shares	-	-	-	-	(9,810)	-	(9,810)	-	(9,810)	
Balance as at 31 December 2018	95,183	472,640	267	-	221,207	41,095	830,392	92,637	923,029	

CONSOLIDATED CASH FLOW STATEMENT (€ THOUSAND)

	2018	2017
Cash flow from operating activities		
Result after taxes	43,594	106,609
Adjustments for:		
Value movements in property	(4,095)	(64,058)
Net result on disposal of property	(201)	1,891
Net financing costs	17,168	16,045
Income tax	3,958	2,897
<i>Cash flow from operating activities before changes in working capital and provisions</i>	60,424	63,384
Movement in current assets	(7,431)	(492)
Movement in short-term liabilities	3,105	(798)
Movement in provisions	30	169
	56,128	62,263
Interest received	40	25
Interest paid	(14,190)	(16,695)
Income tax paid	(749)	(797)
Cash flow from operating activities	41,229	44,796
Cash flow from investing activities		
Property acquisitions	(52,730)	(32,682)
Capital expenditure on property	(3,646)	(4,479)
Disposal of property	70,141	29,145
Disposal of subsidiaries	-	95,167
Cash flow from property	13,765	87,151
Movement in tangible fixed assets	6	160
Cash flow from investing activities	13,771	87,311
Cash flow from financing activities		
Buyback of shares	(9,810)	(30,059)
Dividend paid	(38,556)	(36,765)
Dividend paid to non-controlling interests	(4,592)	(4,294)
Interest-bearing loans drawn-down	49,805	95,067
Interest-bearing loans redeemed	(52,241)	(154,945)
Settlement of interest rate derivatives	-	(590)
Movements in guarantee deposits and other long-term liabilities	(137)	276
Cash flow from financing activities	(55,531)	(131,310)
Movement in cash and cash equivalents	(531)	797
Cash and cash equivalents as at 1 January	2,077	1,280
Cash and cash equivalents at 31 December	1,546	2,077

SEGMENTED INFORMATION (€ THOUSAND)
 2018 by country

	Netherlands	France	Belgium	Spain	Turkey	Total
Net rental income	34,743	15,320	18,102	2,611	-	70,776
Value movements in property in operation	18,395	(8,487)	(7,114)	1,551	-	4,345
Value movements in assets held for sale	(250)	-	-	-	-	(250)
Net result on disposal of property	(12)	213	-	-	-	201
Total net income from property	52,876	7,046	10,988	4,162	-	75,072
Net financing costs						(17,168)
General expenses						(8,753)
Abortive purchase costs						(1,599)
Income tax						(3,958)
<i>Result from continuing operations, after taxes</i>						43,594
<i>Result from discontinued operations, after taxes</i>						-
Result						43,594
	Netherlands	France	Belgium	Spain	Turkey	Total
Property in operation:						
Balance as at 1 January	648,742	395,580	388,025	91,376	-	1,523,723
- Acquisitions	16,635	28,005	-	4,172	-	48,812
- Investments	1,532	889	1,516	-	-	3,937
- Transferred from assets held for sale	3,000	-	-	-	-	3,000
- Transferred to assets held for sale	(3,500)	-	-	-	-	(3,500)
- Disposals	(7,320)	(1,270)	-	-	-	(8,590)
	659,089	423,204	389,541	95,548	-	1,567,382
- Value movements	18,395	(8,487)	(7,114)	1,551	-	4,345
Balance as at 31 December	677,484	414,717	382,427	97,099	-	1,571,727
Accrued assets in respect of lease incentives	3,426	619	216	81	-	4,342
Appraisal value as at 31 December	680,910	415,336	382,643	97,180	-	1,576,069

SEGMENTED INFORMATION (€ THOUSAND)
2017 by country

	Netherlands	France	Belgium	Spain	Turkey	Total
Net rental income	32,571	16,688	17,863	3,100	-	70,222
Value movements in property in operation	8,154	31,184	20,751	3,969	-	64,058
Value movements in assets held for sale	-	-	-	-	-	-
Net result on disposal of property	(1,986)	116	(21)	-	-	(1,891)
Total net income from property	38,739	47,988	38,593	7,069	-	132,389
Net financing costs						(16,033)
General expenses						(8,545)
Abortive purchase costs						-
Income tax						(2,859)
<i>Result from continuing operations, after taxes</i>						104,952
<i>Result from discontinued operations, after taxes</i>					1,657	1,657
Result						106,609
	Netherlands	France	Belgium	Spain	Turkey	Total
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
- Investments	2,456	455	884	(2)	-	3,793
- Transferred from assets held for sale	-	-	-	-	-	-
- 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
Balance as at 31 December	648,742	395,580	388,025	91,376	-	1,523,723
Accrued assets in respect of lease incentives	1,317	668	535	119	-	2,639
Appraisal value as at 31 December	650,059	396,248	388,560	91,495	-	1,526,362

2018 by type

	Core city assets	Mixed retail locations	Total
Net rental income	50,821	19,955	70,776
Value movements in property in operation	10,150	(5,805)	4,345
Value movements in assets held for sale	-	(250)	(250)
Net result on disposal of property	(347)	548	201
Total net income from property	60,624	14,448	75,072
Net financing costs			(17,168)
General expenses			(8,753)
Abortive purchase costs			(1,599)
Income tax			(3,958)
<i>Result from continuing operations, after taxes</i>			43,594
<i>Result from discontinued operations, after taxes</i>			-
Result after taxes			43,594

	Core city assets	Mixed retail locations	Total
Property in operation:			
Balance as at 1 January	1,221,413	302,310	1,523,723
- Acquisitions	48,812	-	48,812
- Investments	3,681	256	3,937
- Transferred from assets held for sale	1,750	1,250	3,000
- Transferred to assets held for sale	-	(3,500)	(3,500)
- Disposals	-	(8,590)	(8,590)
	1,275,656	291,726	1,567,382
- Value movements	10,150	(5,805)	4,345
Balance as at 31 December	1,285,806	285,921	1,571,727
Accrued assets in respect of lease incentives	3,758	584	4,342
Appraisal value as at 31 December	1,289,564	286,505	1,576,069

2017 by type

	Core city assets	Mixed retail locations	Total
Net rental income	46,269	23,953	70,222
Value movements in property in operation	77,809	(13,751)	64,058
Value movements in assets held for sale	-	-	-
Net result on disposal of property	206	(2,097)	(1,891)
Total net income from property	124,284	8,105	132,389
Net financing costs			(16,033)
General expenses			(8,545)
Abortive purchase costs			-
Income tax			(2,859)
<i>Result from continuing operations, after taxes</i>			104,952
<i>Result from discontinued operations, after taxes</i>	1,657		1,657
Result after taxes			106,609

	Core city assets	Mixed retail locations	Total
Property in operation:			
Balance as at 1 January	1,241,405	370,320	1,611,725
- Acquisitions	37,643	-	37,643
- Investments	3,543	250	3,793
- Transferred from assets held for sale	-	-	-
- 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
Balance as at 31 December	1,221,413	302,310	1,523,723
Accrued assets in respect of lease incentives	1,906	733	2,639
Appraisal value as at 31 December	1,223,319	303,043	1,526,362

ASSETS HELD FOR SALE (€ THOUSAND)

	2018	2017
Balance as at 1 January	65,202	-
Transferred from property in operation	3,500	64,873
Transferred to property in operation	(3,000)	-
Transferred from accrued assets in respect of lease incentives	-	329
Divestments	(61,952)	-
	3,750	65,202
Value movements	(250)	-
Balance as at 31 December	3,500	65,202

In 2018, 4 properties in the Netherlands and 2 properties in France were sold and 2 properties in the Netherlands were taken into operation again. As at 31 December 2018, 1 object in the Netherlands (2017: 6 in the Netherlands, 2 in France) is included under assets held for sale of which the Executive Board decided at the end of 2018 to sell this object. The object was sold at the end of January 2019.

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 2018 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 2018 financial statements which were prepared on 13 February 2019, 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 18 April 2019.

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 MEASURES (€ THOUSAND) PER SHARE (€)

EPRA performance measure	Table	2018	2017	2018	2017
EPRA Earnings	1	40,354	41,134	2.22	2.22
EPRA NAV	2	849,526	854,337	47.47	46.98
EPRA NNNAV	3	831,906	830,301	46.49	45.66
EPRA Net Initial Yield (NIY)	4 (i)	3.8%	4.1%		
EPRA 'topped-up' NIY	4 (ii)	4.1%	4.2%		
EPRA Vacancy Rate	5	1.5%	2.0%		
EPRA Cost Ratio (including direct vacancy costs)	6 (i)	19.8%	20.6%		
EPRA Cost Ratio (excluding direct vacancy costs)	6 (ii)	18.9%	19.8%		
Capital expenditure	7				

1 EPRA EARNINGS

	2018	2017
<i>Result as stated in consolidated IFRS profit and loss account</i>	43,594	106,609
Value movements in property	(4,095)	(64,058)
Net result on disposal of property	(201)	1,891
Financial expenses	816	817
Value movements in financial derivatives	1,357	(2,371)
Movement in deferred tax assets and liabilities	2,319	2,861
Result from discontinued operations (related items above)	-	(1)
Attributable to non-controlling interests	(5,035)	(4,614)
EPRA Earnings	38,755	41,134
Company specific adjustments		
Abortive purchase costs	1,599	-
Company specific Adjusted Earnings	40,354	41,134
EPRA Earnings per share (EPS)	2.14	2.22
Company specific adjustments		
Abortive purchase costs	0.08	-
Adjusted earnings per share	2.22	2.22

2 AND 3 EPRA NAV EN EPRA NNNAV

	31-12-2018		31-12-2017	
	per share (€)		per share (€)	
Equity Vastned Retail shareholders	830,392	46.40	838,685	46.12
Adjustment for effect of convertible bond	-	-	-	-
Diluted equity Vastned Retail shareholders	830,392	46.40	838,685	46.12
Fair value of financial derivatives	4,310	0.24	2,909	0.16
Deferred tax	14,824	0.83	12,743	0.70
EPRA NAV	849,526	47.47	854,337	46.98
Fair value of financial derivatives	(4,310)	(0.24)	(2,909)	(0.16)
Fair value of interest-bearing loans ¹⁾	(3,893)	(0.21)	(11,316)	(0.62)
Deferred tax	(9,417)	(0.53)	(9,811)	(0.54)
EPRA NNNAV	831,906	46.49	830,301	45.66

¹⁾ The calculation of the fair value is based on the swap yield curve at the end of 2018 and the end of 2018 applicable credit spreads.

4 EPRA NET INITIAL YIELD AND EPRA TOPPED-UP NET INITIAL YIELD AS AT 31 DECEMBER

	Netherlands		France		Belgium		Spain		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Property in operation	684,410	677,514	415,336	433,995	382,643	388,560	97,180	91,495	1,579,569	1,591,564
addition:										
Estimated transaction fees	47,909	47,426	30,048	33,603	9,566	9,715	2,634	2,489	90,157	93,233
Investment value of property (B)	732,319	724,940	445,384	467,598	392,209	398,275	99,814	93,984	1,669,726	1,684,797
Annualised gross rental income	31,207	35,656	16,413	17,613	20,251	19,926	2,531	3,374	70,402	76,569
Non-recoverable operating expenses	(4,151)	(4,594)	(674)	(1,120)	(1,808)	(1,855)	(230)	(225)	(6,863)	(7,794)
Annualised net rental income (A)	27,056	31,062	15,739	16,493	18,443	18,071	2,301	3,149	63,539	68,775
Effect of rent-free periods and other lease incentives	2,688	457	213	419	221	279	1,000	25	4,122	1,180
Topped-up annualised net rental income (C)	29,744	31,519	15,952	16,912	18,664	18,350	3,301	3,174	67,661	69,955
(i) EPRA Net Initial Yield (A/B)	3.7%	4.3%	3.5%	3.5%	4.7%	4.5%	2.3%	3.4%	3.8%	4.1%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.1%	4.3%	3.6%	3.6%	4.8%	4.6%	3.3%	3.4%	4.1%	4.2%

4 EPRA NET INITIAL YIELD AND EPRA TOPPED-UP NET INITIAL YIELD AS AT 31 DECEMBER

	Core city assets		Mixed retail locations		Total	
	2018	2017	2018	2017	2018	2017
Property in operation	1,289,564	1,259,650	290,005	331,914	1,579,569	1,591,564
addition:						
Estimated transaction fees	76,781	77,024	13,376	16,209	90,157	93,233
<i>Investment value of property (B)</i>	1,366,345	1,336,674	303,381	348,123	1,669,726	1,684,797
Annualised gross rental income	49,802	51,366	20,600	25,203	70,402	76,569
Non-recoverable operating expenses	(4,407)	(4,302)	(2,456)	(3,492)	(6,863)	(7,794)
<i>Annualised net rental income (A)</i>	45,395	47,064	18,144	21,711	63,539	68,775
Effect of rent-free periods and other lease incentives	3,983	963	139	217	4,122	1,180
<i>Topped-up annualised net rental income (C)</i>	49,378	48,027	18,283	21,928	67,661	69,955
(i) EPRA Net Initial Yield (A/B)	3.3%	3.5%	6.0%	6.2%	3.8%	4.1%
(ii) EPRA Topped-up Net Initial Yield (C/B)	3.6%	3.6%	6.0%	6.3%	4.1%	4.2%

5 EPRA VACANCY RATE

31 December 2018

	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	38,189	34,743	117,617	31,207	569	34,273	1.7%
France	16,291	15,320	21,151	16,413	133	17,629	0.8%
Belgium	19,779	18,102	92,637	20,251	419	19,574	2.1%
Spain	2,801	2,611	3,419	2,531	-	3,776	-
<i>Total property</i>	77,060	70,776	234,824	70,402	1,121	75,252	1.5%
Core city assets	54,755	50,821	96,065	49,802	385	55,340	0.7%
Mixed retail locations	22,305	19,955	138,759	20,600	736	19,912	3.7%
<i>Total property</i>	77,060	70,776	234,824	70,402	1,121	75,252	1.5%

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	16,688	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</i>	79,331	72,033	271,715	76,569	1,582	79,178	2.0%
Core city assets	52,279	48,080	97,025	51,366	264	54,774	0.5%
Mixed retail locations	27,052	23,953	174,690	25,203	1,318	24,404	5.4%
<i>Total property</i>	79,331	72,033	271,715	76,569	1,582	79,178	2.0%

6 EPRA cost ratios	2018	2017
General expenses	8,753	8,545
Ground rents paid	124	143
Operating expenses	6,027	7,024
Net service charge expenses	501	475
less:		
Ground rents paid	(124)	(143)
EPRA costs (including vacancy costs) (A)	15,281	16,044
Vacancy costs	(676)	(679)
EPRA costs (exclusive vacancy costs) (B)	14,605	15,365
Gross rental income less ground rents paid (C)	77,304	77,721
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	19.8%	20.6%
(ii) EPRA Cost Ratio (exclusive vacancy costs) (B/C)	18.9%	19.8%

¹⁾ Including other income of € 368 thousand (2017: € 384 thousand)

No operating costs were capitalized in 2018 (2017: < € 0.1 million). 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 (overhead) are not capitalized.

7 CAPITAL EXPENDITURE	2018	2017
Acquisitions ¹⁾	48,812	37,643
Development	-	-
Like-for-like-portfolio ²⁾	3,937	3,858
Others	-	(65)
	52,749	41,436

Vastned has no interests in joint ventures.

¹⁾ Concerns the acquisition of core city assets in Amsterdam, Utrecht, Paris and Madrid.

²⁾ Concerns improvements to several properties already owned throughout various countries.