



14 August 2013

## VASTNED MAKES CLEAR PROGRESS ON HIGH STREET SHOP STRATEGY ROLL-OUT UNDER DIFFICULT MARKET CIRCUMSTANCES

### Key points HY1 2013 (in brackets: HY1 2012)

- Successful acquisitions and divestments improve portfolio profile
- Ratio of high street shops increased from 52% to 60%
- Balance sheet improved further, loan-to-value improved to 41.5% (44.9%)
- Direct investment result HY1 2013 € 29.3 million (€ 31.6 million)
- Indirect investment result HY1 2013 € 30.1 million negative (€ 44.0 million negative)
- Interim dividend € 0.92 per share (€ 1.01)
- Expected dividend FY 2013 € 2.55 per share (FY 2012: € 2.55)

**Rotterdam, 14 August 2013 – Vastned, the listed European retail property investment fund focusing on high street shops, today announces its results for the first half year of 2013. The direct investment result was € 29.3 million, or € 1.54 per share.**

*Taco de Groot, Vastned Chief Executive Officer: 'Over the past few months we have made clear steps towards a solid property portfolio consisting of at least 65% high street shops. Of the divestment programme aiming to sell € 200 million in non-core investment properties before 2015. € 165 million has already been realised in the first half year of 2013. In the medium term, the circulation in the portfolio will lead to more stable results because, as we have seen over the past six months, high street shops are highly sought after by retailers and remain so in the present adverse economic climate, yielding better results on key parameters than other investment properties.*

*We have seen over the past six months that times were hard for retailers and that bankruptcies among retailers in the Netherlands rose. Due to attractive locations and good contacts with retailers we have succeeded in reletting our properties leased to Free Record Shop and Schoenenreus to relaunching retailers, or in attracting new tenants at short notice, albeit at lower rent levels. Due to the unflinching efforts of our Dutch retail team we were able to conclude 42 leases amounting to € 2.8 million, and thus keep up the occupancy rate. The volume of lease renewals was considerable and shows that next to eager new tenants, sitting tenants also value their location highly; this is a reflection of how dynamic the retail market currently is.*

*The European retail market shows a growing divide between popular and less popular retail destinations. Top locations continue to deliver good results, as the high occupancy rate of our high street shops bears out. The shop's location is an ever more important aspect of the retailer's stra-*

tegy. Historic city centres with popular shopping streets are in great demand because these are locations that have more to offer to the shopping public and where consumers like to come and spend their money. That's why we are delighted to add to our high street shop portfolio the retail units on P.C. Hoofstraat and, after balance sheet date, the premium venues cluster in Bordeaux.

We have also made major progress in the area of our strategy. As stated above, we have sold € 165 million in non-core property, raising the share of high street shops to 60%. These divestments further strengthened our balance sheet and lowered our loan-to-value to 41.5%.

We expect the present economic conditions and therefore the pressure on retailers to continue for some time, in particular for our Spanish customers. We will continue to roll out our strategy pragmatically resulting in a solid portfolio with a gradually rising ratio of high street shops, which is more resistant to times of economic distress. We feel confident about the future and we expect to distribute a dividend for 2013 of € 2.55 per share, as we did for 2012.

In spite of the good progress we have made and the dedication of all my colleagues, we remain fully committed and keep working to optimise the portfolio and our results step by step.

## PROPERTY PORTFOLIO

### Investment properties

#### Introduction

On key parameters i.e. the occupancy rate, like-for-like rent growth and value movements, high street shops were more robust than the other investments. The share of high street shops gradually rose from 52% at 30 June 2012 via 55% at year-end 2012 to 60% as at 30 June 2013.

#### Key parameters 30 June 2013 in %

|   | High street<br>shops | Other | Total<br>portfolio |
|---|----------------------|-------|--------------------|
| Occupancy rate                            | 95.5                 | 92.0  | 93.8               |
| Like-for-like rent growth                 | 1.3                  | (4.2) | (1.7)              |
| Value movements compared to year-end 2012 | 0.8                  | (2.8) | (0.7)              |

The developments in the area of occupancy rate, rent levels, value movements, acquisitions and divestments in the first six months of 2013 were as follows:

#### Occupancy rate

The occupancy rate was 93.8% at 30 June 2013. In view of the current economic climate, it remained relatively stable compared to year-end 2012. The occupancy rate of the high street shops of 95.5% (year-end 2012: 97.4%) was significantly higher than the one of the other investments of 92.0% (year-end 2012: 93.0%). Indeed, as at 30 June 2013 the occupancy rate of high street shops in the two biggest markets in which Vastned is active, the Netherlands and France, was equal to year-end 2012. The pressure on the total occupancy rate was mainly due to the Spanish portfolio and the departure of a tenant on Istasyon Caddesi (Istanbul) in the Turkish property portfolio. We expect to sign a new lease for this property shortly. In Belgium the occupancy rate was lower due to the expiration of some temporary leases. The French portfolio comprised 91% high street shops as at 30 June 2013, and only 9% other investments. The occupancy rate of the other investments in France decreased to 78.0%, mainly due to the sale of the Val Thoiry shopping centre, which was virtually fully let.

Occupancy rates split per country and segment:

| Country            | Average                    | Average                    | 30 June<br>2013 | Year-end<br>2012 |
|--------------------|----------------------------|----------------------------|-----------------|------------------|
|                    | occupancy rate<br>HY1 2013 | occupancy rate<br>HY1 2012 |                 |                  |
| Netherlands        | 96.8                       | 96.8                       | 96.7            | 97.0             |
| France             | 93.9                       | 94.8                       | 95.0            | 94.4             |
| Belgium            | 96.0                       | 97.5                       | 95.7            | 97.1             |
| Spain <sup>1</sup> | 89.8                       | 91.8                       | 89.0            | 90.4             |
| Turkey             | 90.5                       | 100.0                      | 80.9            | 100.0            |
| <i>Total</i>       | <b>94.2</b>                | <b>95.3</b>                | <b>93.8</b>     | <b>95.0</b>      |

<sup>1</sup> including Portugal

#### Leasing activity

The total leasing activity in the first six months of 2013 was € 9.3 million (HY1 2012: € 9.5 million). This equalled 7.2% of the theoretical rental income in the core countries (HY1 2012: 6.6%). A total of 130 leases were concluded over the past half year, replacing an important part of the rent volume lost due to departing tenants. Major transactions included a new lease to Italian cosmetics chain KIKO in Bordeaux and a lease renewal with exclusive brand Salvatore Ferragamo in Madrid, in which Vastned realised rent increases of 20% and 74% respectively. In the second quarter of 2013, new leases were concluded in shopping centre Walburg in Zwijndrecht with Xenos and Big Bazar to replace Piet Kerkhof, which went out of business. and HEMA and Coolcat renewed their lease.

In view of the economic situation in Spain, the Spanish team will continue to focus on maintaining the occupancy rate. In total, 50 leases were renewed and 13 new leases were concluded in the first six months of 2013. Lease renewals included C&A en H&M in shopping centre Getafe III in Madrid and fitness club Virgin Active, which leases almost 4.000 sqm in Parque Vistahermosa in Alicante. However, new leases involved lower rent levels, especially in the second quarter of 2013; this was required to maintain the occupancy rate. In the other countries, too, leases in the second quarter of 2013 were concluded on average at lower rent levels except for Belgium.

#### Leasing activity HY1 2013 based on contract rents

| Country            | Volume in € and % of theoretical gross rental income |             |            |             | Movement gross rental income (%) |               |
|--------------------|--|-------------|------------|-------------|----------------------------------|---------------|
|                    | € million  | Q2          | € million  | HY1         | Q2                               | HY1           |
|                    |  | %           |            | %           | %                                | %             |
| Netherlands        | 1.0  | 2.0%        | 2.8        | 5.6%        | (15.1)                           | (13.9)        |
| France             | 0.5  | 2.7%        | 1.0        | 5.0%        | (2.0)                            | 3.8           |
| Belgium            | 0.6  | 2.4%        | 1.3        | 5.8%        | 3.9                              | 15.7          |
| Spain <sup>1</sup> | 1.5  | 4.8%        | 3.8        | 12.3%       | (39.7)                           | (18.9)        |
| Turkey             | n.a.   | n.a.        | 0.4        | 7.3%        | n.a.                             | 5.9           |
| <b>Total</b>       | <b>3.6</b>   | <b>2.8%</b> | <b>9.3</b> | <b>7.2%</b> | <b>(24.1)</b>                    | <b>(10.6)</b> |

<sup>1</sup> including Portugal

#### Like-for-like rental income growth

Like-for-like gross rent growth from indexations and movements was € 1.0 million negative in the first six months of 2013 due to the developments in Spain. The high number of lease renewals realised in the first half year, in particular with bigger tenants, often involved lower rent levels. This trend has been at work for some time. It caused the like-for-like gross rental income of the other investment properties in the portfolio to fall by 4.2%. In contrast, the like-for-like gross rental income from high street shops rose by 1.3%.

#### Like-for-like growth rental income (in %)

|                    | High street shops | Other        | Total portfolio |
|--------------------|-------------------|--------------|-----------------|
|                    | Netherlands       | 0.5          | (2.1)           |
| France             | 0.2               | 1.6          | 0.8             |
| Belgium            | 1.6               | 2.4          | 2.0             |
| Spain <sup>1</sup> | 10.4              | (10.5)       | (8.3)           |
| Turkey             | 4.2               | n.a.         | 4.2             |
| <b>Total</b>       | <b>1.3</b>        | <b>(4.2)</b> | <b>(1.7)</b>    |

<sup>1</sup> including Portugal

### Lease incentives

Across the board, more incentives were provided in lease transactions than in the same period last year. In Belgium, fewer lease incentives were provided than the year before. The transfer of Istiklal Caddesi 161 in Istanbul to popular fashion chain Zara increased both the rental income as well as the lease incentives (rent-free period) in Turkey.

### IFRS lease incentives (in %)

| Country            | HY1 2013     | HY1 2012     |
|--------------------|--------------|--------------|
| Netherlands        | (1.8)        | (1.2)        |
| France             | (2.3)        | (1.7)        |
| Belgium            | (1.4)        | (1.6)        |
| Spain <sup>1</sup> | (6.9)        | (6.2)        |
| Turkey             | (4.8)        | (0.8)        |
| <b>Total</b>       | <b>(3.1)</b> | <b>(2.5)</b> |

<sup>1</sup> including Portugal

### Value movements investment properties

The value movements of the investment properties were € 12.9 million negative (HY1 2012: € 53.8 million negative). High street shops outperformed the other investment properties. Value movements in the first half year benefited from the fact that Vastned in 2013 aligned the estimated 'costs borne by the buyer' in the appraisal of the Belgian portfolio with Vastned Retail Belgium. This resulted in a positive revaluation of € 28.0 million of the Belgian portfolio.

### Value movements in € million

| Country            | Value<br>30 June 2013 | Total<br>HY1 2013 | High street shops<br>HY1 2013 | Other<br>HY1 2013 |
|--------------------|-----------------------|-------------------|-------------------------------|-------------------|
| Netherlands        | 707                   | (16.0)            | (6.0)                         | (10.0)            |
| France             | 317                   | (4.0)             | (2.3)                         | (1.7)             |
| Belgium            | 358                   | 28.4              | 16.8                          | 11.6              |
| Spain <sup>1</sup> | 309                   | (21.4)            | (0.3)                         | (21.1)            |
| Turkey             | 129                   | 0.1               | 0.1                           | n.a.              |
| <b>Totaal</b>      | <b>1,820</b>          | <b>(12.9)</b>     | <b>8.3</b>                    | <b>(21.2)</b>     |

<sup>1</sup> including Portugal

### Value movements as a percentage of starting values 2013 and net yields

| Country            | Value                     | Value             |                               |                   | Net yield   |                   | Net yield   |
|--------------------|---------------------------|-------------------|-------------------------------|-------------------|-------------|-------------------|-------------|
|                    | 30 June 2013<br>€ million | Total<br>HY1 2013 | High street shops<br>HY1 2013 | Other<br>HY1 2013 | total       | high street shops | other       |
| Netherlands        | 707                       | (2.3)             | (1.5)                         | (3.4)             | 6.4%        | 5.9%              | 7.1%        |
| France             | 317                       | (1.2)             | (0.8)                         | (5.9)             | 5.7%        | 5.4%              | 8.8%        |
| België             | 358                       | 7.9               | 8.9                           | 6.9               | 5.9%        | 5.3%              | 6.7%        |
| Spain <sup>1</sup> | 309                       | (6.5)             | (0.5)                         | (6.6)             | 9.7%        | 5.9%              | 10.5%       |
| Turkey             | 129                       | 0.1               | 0.1                           | n.a.              | 5.8%        | 5.8%              | n.a.        |
| <b>Total</b>       | <b>1,820</b>              | <b>(0.7)</b>      | <b>0.8</b>                    | <b>(2.8)</b>      | <b>6.7%</b> | <b>5.7%</b>       | <b>8.2%</b> |

<sup>1</sup> including Portugal

### Acquisitions

In the course of the first six months of 2013, Vastned acquired two high street shops at P.C. Hoofstraat. P.C. Hoofstraat 49-51 are two adjoining retail properties leased to international fashion brand Hugo Boss. P.C. Hoofstraat 78 is leased to the French fashion brand Zadig & Voltaire. After balance sheet date, six high street shops in the Golden Triangle in Bordeaux were acquired. The total Bordeaux' portfolio consists subsequently of 18 premium venues.

### Divestments

Of the divestment programme formulated in early 2013 aiming to sell € 200 million in non-core investment properties over the next three years, € 165 million has already been realised in the first half year of 2013. Vastned's divestments included various shopping centres and retail warehouses in smaller cities in the Netherlands, France and Belgium. Vastned also sold a number of apartments in Lille. The share of high street shops in the total portfolio was 60% at the end of June 2013 (year-end 2012: 55%). The divestments were made on average at 1.7% below book value.

### INVESTMENT RESULT VASTNED SHAREHOLDERS HY1 2013

The investment result for the first six months of 2013 was € 0.7 million negative (HY1 2012: € 12.3 million negative). The investment result is comprised of the direct and the indirect investment result. The direct investment result was € 29.3 million positive (€ 31.6 million positive) and the indirect investment result was € 30.0 million negative (HY1 2012: € 43.9 million negative), which was mainly caused by negative value movements.

#### HY1 2013 investment result (€ million)

|                            | HY1 2013 | HY1 2012 |
|----------------------------|----------|----------|
| Direct investment result   | 29.3     | 31.6     |
| Indirect investment result | (30.1)   | (44.0)   |
| Investment result          | (0.7)    | (12.3)   |

#### Composition HY1 2013 investment result

##### Gross rental income

The gross rental income was € 64.4 million in the first six months of 2013 (HY1 2012: € 67.1 million). Due to the success of its divestment programme, Vastned's divestments exceeded its acquisitions. The disposal of non-core investment properties caused a € 5.4 million fall in gross rental income, while acquisition provided a € 2.7 million positive contribution. Furthermore, at the end of last year the retail property on Istiklal Caddesi 161 in Istanbul was transferred to popular fashion chain Zara, adding € 1.0 million to the gross rental income; the like-for-like gross rent growth totalled € 1.0 million negative.

## Gross rental income (\* € 1 million)

| Country            | HY1 2013    | HY1 2012    |
|--------------------|-------------|-------------|
| Netherlands        | 24.2        | 26.3        |
| France             | 13.5        | 14.0        |
| België             | 10.9        | 11.1        |
| Spain <sup>1</sup> | 13.7        | 14.9        |
| Turkey             | 2.1         | 0.8         |
| <b>Total</b>       | <b>64.4</b> | <b>67.1</b> |

<sup>1</sup> including Portugal

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

Operating expenses fell to 12.3% of gross rental income (HY1 2012: 13.0%). The decrease was due in particular to the release of the provision for doubtful debtors, as a debt for which a provision had been made was successfully collected. The expenses also fell due to the sale of Retailpark Roermond, which had relatively high operating expenses.

*Value movements investment properties*

The value movements of the investment properties were € 12.9 million negative (HY1 2012: € 53.8 million negative), mainly due to write-downs in Spain and the Netherlands.

*Net result on investment property divestments*

During the first six months of 2013, Vastned made non-core property divestments totalling € 165 million. The sales were made on average 1.7% below book value as at year-end 2012, taking the net result on investment properties divestments to € 3.0 million negative (HY1 2012: € 0.9 million positive).

*Net financing costs*

The net financing costs comprise net interest expenses of € 17.4 million (€ 18.2 million) and the value movements of financial derivatives of € 6.3 million negative (€ 0.7 million negative). The fall in net interest expenses was mainly due to on average lower interest-bearing debts resulting from on average net sales. The average interest rate on the total interest-bearing loan capital decreased to 4.1% (4.2%).

Of the negative value movements of financial derivatives € 7.2 million concerned a transfer of unrealised value movements of some interest rate derivatives (swaps) from our equity to the profit-and-loss account. Due to repayments on loans resulting from net sales, these derivatives may no longer be designated as full hedges under IFRS. The value movements of the other interest rate derivatives not designated as full hedges under IFRS was € 0.9 million positive (€ 0.7 million negative).

*Financial expenses*

|                                      | HY1 2013 | HY1 2012 |
|--------------------------------------|----------|----------|
| Interest (* € million)               | 17.4     | 18.2     |
| Average interest rate on liabilities | 4.14     | 4.20     |
| Interest coverage ratio (ICR)        | 3.0      | 3.0      |

*General expenses*

General expenses came to € 4.6 million in the first six months. This was a € 0.2 million rise compared to 30 June 2012, caused inter alia by additional tax advice expenses.

*Income tax payable on the reporting period*

In 2012, Vastned complied with the 'old' Spanish SOCIMI tax regime. As of 1 January 2013 the Spanish tax regime for property companies (SOCIMI) was overhauled. The principle behind the change was to create a more attractive and flexible climate for investors. In the amended regulations, new qualification requirements for the regime were defined. Since we have so far not been able to establish for certain with the Spanish tax authorities whether a Dutch 'NV' would be fully compliant with the applicable requirements, Vastned has decided to err on the side of caution and implement the regular Spanish tax regime. This raised the tax burden in Spain and increased the income tax payable on the reporting period to € 1.4 million (HY1 2012: € 0.9 million). However cash flow is not impacted as the Spanish entity for tax purposes reported a tax loss as a result of negative value movements.

*Deferred tax assets and liabilities*

The movement in deferred tax assets and liabilities was € 1.9 million positive in the first half year of 2013 (HY1 2012: € 8.2 million positive). The difference with last year was largely due to a lower write-down on the Spanish portfolio.

*Investment result attributable to non-controlling interests*

The investment result attributable to non-controlling interests was € 13.6 million (HY1 2012: € 1.9 million). The increase was due in part to the higher revaluation of the Belgian property portfolio and in part to the sale of the Vastned Retail Belgium shares in the fourth quarter of 2012, which raised the share of non-controlling interests.

**FINANCING***Solvency and loan capital financing*

As at 30 June 2013, Vastned's balance sheet showed a healthy financing structure with a loan-to-value of 41.5% (30 June 2012: 44.9%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 55.1% (30 June 2012: 50.8%). With a solvency of 55.1% and an interest coverage ratio of 3.0, Vastned Retail complies with all the loan covenants.

*Solvency and loan capital*

|   | 30 June<br>2013 | 30 June<br>2012 |
|---|-----------------|-----------------|
| Solvency  | 55.1%           | 50.8%           |
| Loan-to-value                                   | 41.5%           | 44.9%           |
| Duration based on contract dates (years)        | 3.2             | 3.6             |
| Duration based on interest review dates (years) | 3.1             | 4.2             |



## Breakdown of interest-bearing loan capital as at 30 June 2013 (\* € million)

|                            | Fixed<br>interest-rate | Variable<br>interest-rate | Total        | Percentage of<br>total |
|----------------------------|------------------------|---------------------------|--------------|------------------------|
| Long-term                  | 584.8                  | 37.0                      | 621.8        | 82.2                   |
| Short-term                 | 91.4                   | 43.0                      | 134.4        | 17.8                   |
| <b>Total</b>               | <b>676.2</b>           | <b>80.0</b>               | <b>756.2</b> | <b>100</b>             |
| <i>Percentage of total</i> | 89.4                   | 10.6                      | 100          |                        |

As at 30 June 2013, 82.2% of the loan portfolio was long-term with an average duration of 3.2 years based on contract expiry dates. Unused credit facilities totalled € 222.5 million as at 30 June 2013.

In the first half year of 2013, a total of € 50 million was refinanced. This concerned a € 10 million loan with a 4.5 year term, and a € 40 million loan expiring in 2014 that was renewed by 1 year exercising the extension option. Furthermore, a € 30 million loan expiring in the first quarter was redeemed with funds from existing credit lines.

### DIVIDEND 2013

In accordance with the dividend policy, Vastned will distribute 60% of the direct investment result as interim dividend. The interim dividend per share is € 0.92 and will be made payable on 30 August 2013. Prior to the payment date, Vastned shares will trade ex dividend as of 16 August 2013. For the full year 2013 Vastned anticipates a dividend distribution equal to last year, being € 2.55 per share.

### MARKET DEVELOPMENTS AND TRENDS

Retailers are faced with a new reality. A reality that forces them to be even more distinctive in order to be successful. Strong international and national retailers have made major strides in this area and increasingly focus on service and staff training and on exploiting cross-selling opportunities between online and offline sales. This will become increasingly relevant over the next few years. And location plays a key role in this. Demand will continue for retail units in popular shopping streets in the bigger cities, but will fall in the surrounding shopping streets.

### OUTLOOK 2013

Vastned's strategy remains focused on acquisitions in popular shopping streets in the bigger cities, aiming to raise the share of high street shops in the portfolio to 65%. At the same time, it intends to keep the loan-to-value ratio between 40% and 45%. In the remainder of the year we will push on with our strategy roll-out, acquiring high streets shops and disposing of non-core properties where possible. We will also keep striving to maintain the occupancy rate, particularly in Spain. The outlook is that the economic situation in Spain is unlikely to change substantially in the short term. In the middle of August, Vastned expects to transfer the first H&M flagship store of 3,000 sqm on Istiklal Caddesi in Istanbul. The high street shop is expected to open its doors before the year is out. The expected dividend for 2013 is € 2.55, the same as it was in 2012.

## WEBCAST

At 14 August 2013, an audio webcast will be held at 11.00 a.m. CET. The presentation is available on [www.vastned.com](http://www.vastned.com).

## ABOUT VASTNED

Vastned is a listed (NYSE Euronext Amsterdam) European retail property fund focusing on venues for premium shopping. It invests in selected geographical markets in Europe and Turkey, concentrating on the best retail property in the most popular shopping streets in the bigger cities (high streets). Vastned also owns attractive shopping centres and retail warehouses. Its tenants are strong and leading international and national retail brands. The property portfolio has a size of approximately € 1.8 billion.

## RESPONSIBILITY STATEMENT

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

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

Rotterdam, 13 August 2013

Statutory Directors:

Taco de Groot, CEO

Tom de Witte, CFO

## FINANCIAL CALENDAR 2013 AND 2014

| Date   | Time           | Subject  |
|--|----------------|--|
| Wednesday 14 August 2013                               | 11 am          | Analysts' call/webcast on half-year figures 2013 |
| Friday 16 August 2013<br>(20 August 2013: record date) |                | Ex interim dividend                              |
| Friday 30 August 2013                                  |                | Payment date interim dividend                    |
| Monday 4 November 2013                                 | before trading | Trading update first 9M 2013                     |
| Thursday 6 March 2014                                  | before trading | Annual results 2013                              |
| Thursday 6 March 2014                                  | 11 am          | Analysts' meeting/webcast annual figures 2013    |
| Thursday 15 May 2014                                   | 1 pm           | Annual General Meeting of shareholders           |
| Monday 19 May 2014<br>(21 May 2014: record date)       |                | ex dividend                                      |
| Thursday 22 May 2014                                   | before trading | Q1 2014 trading update                           |
| Thursday 14 August 2014                                | before trading | Half-year results 2014                           |

**Further information:**

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**Future looking statements**

This press release contains a number of forward-looking statements. These statements are based on current expectations, estimates and prognoses of the board of management and on the information currently available to the company. The statements are subject to certain risks and uncertainties which are hard to evaluate, such as the general economic conditions, interest rates and amendments to statutory laws and regulations. The board of management of Vastned cannot guarantee that its expectations will materialise. Furthermore, Vastned does not accept any obligation to update the statements made in this press release.

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| <b>KEY FIGURES</b>  | <b>30 June<br/>2013</b> | <b>31 December<br/>2012 <sup>1</sup></b> | <b>30 June<br/>2012 <sup>2</sup></b> |
|---|-------------------------|--|--------------------------------------|
| <b>Results (x €1,000)</b>   |                         |  |                                      |
| Gross rental income   | 64,405                  | 133,484                                  | 67,145                               |
| Direct investment result  | 29,345                  | 62,562                                   | 31,641                               |
| Indirect investment result  | (30,078)                | (103,562)                                | (43,958)                             |
| <i>Investment result</i>  | <b>(733)</b>            | <b>(41,000)</b>                          | <b>(12,317)</b>                      |
| <b>Balance sheet (x €1,000)</b>   |                         |  |                                      |
| Investment properties   | 1,820,301               | 1,980,985                                | 2,068,736                            |
| Equity  | 1,014,456               | 1,018,371                                | 1,048,694                            |
| Equity Vastned Retail shareholders  | 889,407                 | 899,666                                  | 947,879                              |
| Long-term liabilities   | 682,343                 | 752,980                                  | 865,426                              |
| <b>Solvency based on banks' definition (in %)</b>   | 55.1                    | 51.5                                     | 50.8                                 |
| <b>Loan-to-value (in %)</b>   | 41.5                    | 43.9                                     | 44.9                                 |
| <b>Interest coverage ratio</b>  | 3.0                     | 3.0                                      | 3.0                                  |
| <b>Financial occupancy rate (in %)</b>  | 94.2                    | 95.1                                     | 95.3                                 |
| <b>Average number of ordinary shares in issue</b>   | 19,036,646              | 18,876,591                               | 18,714,778                           |
| <b>Number of ordinary shares in issue (end of period)</b>                                       | 19,036,646              | 19,036,646                               | 19,036,646                           |
| <b>Per share (x €1)</b>   |                         |  |                                      |
| Equity Vastned Retail shareholders<br>at beginning of year (including final dividend)           | 47.26                   | 53.72                                    | 53.72                                |
| Adjustment in respect of IAS 19R  | -                       | (0.06)                                   | (0.06)                               |
|   | <b>47.26</b>            | <b>53.66</b>                             | <b>53.66</b>                         |
| Final dividend previous financial year  | (1.54)                  | (2.52)                                   | (2.52)                               |
| <i>Equity Vastned Retail shareholders<br/>at beginning of period (excluding final dividend)</i> | <b>45.72</b>            | <b>51.14</b>                             | <b>51.14</b>                         |
| Direct investment result  | 1.54                    | 3.31                                     | 1.69                                 |
| Indirect investment result  | (1.58)                  | (5.48)                                   | (2.35)                               |
| <i>Investment result</i>  | <b>(0.04)</b>           | <b>(2.17)</b>                            | <b>(0.66)</b>                        |
| Net result on sale of<br>Vastned Retail Belgium NV shares                                       | -                       | 0.11                                     | -                                    |
| Recalculation of defined benefit pension obligations  | -                       | (0.13)                                   | -                                    |
| Value movements financial derivatives<br>taken directly to equity                               | 0.67                    | (0.27)                                   | (0.28)                               |
| Transfer of unrealised results<br>on financial derivatives to profit-and-loss account           | 0.38                    | -  | -                                    |
| Translation differences net investments   | (0.01)                  | (0.02)                                   | (0.01)                               |
| Other movements   | -                       | (0.39)                                   | (0.40)                               |
| Interim dividend  | -                       | (1.01)                                   | -                                    |
| <i>Equity Vastned Retail shareholders<br/>at end of period (including final dividend)</i>       | <b>46.72</b>            | <b>47.26</b>                             | <b>49.79</b>                         |
| <b>Share price (end of period)</b>  | 31.48                   | 32.75                                    | 30.74                                |
| <b>Premium / (Discount) (in %)</b>  | (32.6)                  | (30.7)                                   | (38.3)                               |

<sup>1</sup> Application of IAS 19R as of 1 January 2013 resulted in an adjustment of the (direct) investment result 2012 (increase of €14), equity and equity Vastned Retail shareholders (decrease of €3,591), long-term liabilities (increase of €3,591) and solvency based on banks' definition (decrease of 0.2%).

<sup>2</sup> Application of IAS 19R as of 1 January 2013 resulted in an adjustment of the (direct) investment result first half year of 2012 (increase of €7), equity and equity Vastned Retail shareholders (decrease of €1,164), long-term liabilities (increase of €1,164) and solvency based on banks' definition (decrease of 0.1%).

**DIRECT AND INDIRECT INVESTMENT RESULT (x €1,000)**

|   | <b>HY1<br/>2013</b>    | <b>HY1<br/>2012 <sup>1</sup></b> |
|---|------------------------|----------------------------------|
| <b>Direct investment result</b>   |                        |                                  |
| Gross rental income   | 64,405                 | 67,145                           |
| Ground rents paid   | (307)                  | (301)                            |
| Net service charge expenses   | (1,445)                | (1,364)                          |
| Operating expenses  | (6,157)                | (7,079)                          |
| <i>Net rental income</i>  | <u>56,496</u>          | <u>58,401</u>                    |
| Financial income  | 513                    | 1,009                            |
| Financial expenses  | (17,888)               | (19,197)                         |
| <i>Net financing costs</i>  | <u>(17,375)</u>        | <u>(18,188)</u>                  |
| General expenses  | (4,604)                | (4,396)                          |
| <i>Direct investment result before taxes</i>                                  | <u><b>34,517</b></u>   | <u><b>35,817</b></u>             |
| Income tax payable on the reporting period                                    | (1,409)                | (933)                            |
| <i>Direct investment result after taxes</i>                                   | <u><b>33,108</b></u>   | <u><b>34,884</b></u>             |
| Direct investment result attributable to non-controlling interests            | (3,763)                | (3,243)                          |
| <i>Direct investment result attributable to Vastned Retail shareholders</i>   | <u><b>29,345</b></u>   | <u><b>31,641</b></u>             |
| <b>Indirect investment result</b>   |                        |                                  |
| Value movements investment properties in operation                            | (12,826)               | (54,630)                         |
| Value movements investment properties in pipeline                             | (47)                   | 784                              |
| <i>Total value movements investment properties</i>                            | <u><b>(12,873)</b></u> | <u><b>(53,846)</b></u>           |
| Net result on investment property divestments                                 | (3,026)                | 941                              |
| Value movements financial derivatives   | 866                    | (661)                            |
| Transfer of unrealised results on financial derivatives from equity           | (7,156)                | -                                |
| <i>Indirect investment result before taxes</i>                                | <u><b>(22,189)</b></u> | <u><b>(53,566)</b></u>           |
| Movement deferred tax assets and liabilities                                  | 1,911                  | 8,225                            |
| <i>Indirect investment result after taxes</i>                                 | <u><b>(20,278)</b></u> | <u><b>(45,341)</b></u>           |
| Indirect investment result attributable to non-controlling interests          | (9,800)                | 1,383                            |
| <i>Indirect investment result attributable to Vastned Retail shareholders</i> | <u><b>(30,078)</b></u> | <u><b>(43,958)</b></u>           |
| <i>Investment result attributable to Vastned Retail shareholders</i>          | <u><b>(733)</b></u>    | <u><b>(12,317)</b></u>           |
| <b>Per share (x €1)</b>   |                        |                                  |
| Direct investment result attributable to Vastned Retail shareholders          | 1.54                   | 1.69                             |
| Indirect investment result attributable to Vastned Retail shareholders        | (1.58)                 | (2.35)                           |
| Investment result attributable to Vastned Retail shareholders                 | <u>(0.04)</u>          | <u>(0.66)</u>                    |

<sup>1</sup> Application of IAS 19R as of 1 January 2013 resulted in an adjustment of financial expenses (increase of €50) and general expenses (decrease of €57), so that the (direct) investment result HY1 2012 increased by €7.

**EPRA NAV and EPRA NNAV**

|  | <b>30/06/2013</b> |                  | 30-06-2012 <sup>1</sup> |           |
|--|-------------------|------------------|-------------------------|-----------|
|  |                   | <b>per share</b> |                         | per share |
| Equity Vastned Retail shareholders     | 889,407           | 46.72            | 947,879                 | 49.79     |
| Market value of financial derivatives  | 35,703            | 1.88             | 46,856                  | 2.46      |
| Deferred taxes                         | 24,313            | 1.28             | 22,704                  | 1.19      |
| <b>EPRA NAV</b>                        | <b>949,423</b>    | <b>49.88</b>     | 1,017,439               | 53.44     |
| Market value of financial derivatives  | (35,703)          | (1.88)           | (46,856)                | (2.46)    |
| Market value of interest-bearing loans | 1,040             | 0.05             | 5,380                   | 0.28      |
| Deferred taxes                         | (16,333)          | (0.86)           | (12,665)                | (0.66)    |
| <b>EPRA NNAV</b>                       | <b>898,427</b>    | <b>47.19</b>     | 963,298                 | 50.60     |

<sup>1</sup> Application of IAS 19R as of 1 January 2013 resulted in an adjustment of equity Vastned Retail shareholders (decrease of €1,164).

## **Financial interim report 2013**

### **Contents**

- Consolidated profit and loss account
- Consolidated statement of comprehensive income
- Consolidated balance sheet
- Consolidated statement of movements in equity
- Consolidated cash flow statement
- Notes to the consolidated financial interim report 2013

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

|  | <b>HY1<br/>2013</b>    | <b>HY1<br/>2012 <sup>1</sup></b> |
|--|------------------------|----------------------------------|
| <b>Net income from investment properties</b>                             |                        |                                  |
| Gross rental income  | 64,405                 | 67,145                           |
| Ground rents paid  | (307)                  | (301)                            |
| Net service charge expenses  | (1,445)                | (1,364)                          |
| Operating expenses   | (6,157)                | (7,079)                          |
| <i>Net rental income</i>   | <u>56,496</u>          | <u>58,401</u>                    |
| Value movements investment properties in operation                       | (12,826)               | (54,630)                         |
| Value movements investment properties in pipeline                        | (47)                   | 784                              |
| <i>Total value movements investment properties</i>                       | <u>(12,873)</u>        | <u>(53,846)</u>                  |
| Net result on investment property divestments                            | (3,026)                | 941                              |
| <i>Total net income from investment properties</i>                       | <u><b>40,597</b></u>   | <u><b>5,496</b></u>              |
| <b>Expenditure</b>   |                        |                                  |
| Financial income   | 513                    | 1,009                            |
| Financial expenses   | (17,888)               | (19,197)                         |
| Value movements financial derivatives                                    | 866                    | (661)                            |
| Transfer of unrealised results<br>on financial derivatives from equity   | (7,156)                | -                                |
| <i>Net financing costs</i>   | <u>(23,665)</u>        | <u>(18,849)</u>                  |
| General expenses   | (4,604)                | (4,396)                          |
| <i>Total expenditure</i>   | <u><b>(28,269)</b></u> | <u><b>(23,245)</b></u>           |
| <i>Investment result before taxes</i>                                    | <u><b>12,328</b></u>   | <u><b>(17,749)</b></u>           |
| Income tax payable on the reporting<br>period                            | (1,409)                | (933)                            |
| Movement deferred tax assets and liabilities                             | 1,911                  | 8,225                            |
|  | <u>502</u>             | <u>7,292</u>                     |
| <i>Investment result after taxes</i>                                     | <u><b>12,830</b></u>   | <u><b>(10,457)</b></u>           |
| Investment result attributable to non-controlling interests              | (13,563)               | (1,860)                          |
| <i>Investment result attributable to<br/>Vastned Retail shareholders</i> | <u><b>(733)</b></u>    | <u><b>(12,317)</b></u>           |
| <b>Per share (x €1)</b>  |                        |                                  |
| Investment result attributable to<br>Vastned Retail shareholders         | (0.04)                 | (0.66)                           |
| Diluted investment result attributable to<br>Vastned Retail shareholders | (0.04)                 | (0.66)                           |

<sup>1</sup> Application of IAS 19R as of 1 January 2013 resulted in an adjustment of financial expenses (increase of €50) and general expenses (decrease of €57), so that the investment result HY1 2012 increased by €7.



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

|  | <b>HY1<br/>2013</b> | <b>HY1<br/>2012</b>   |
|--|---------------------|-----------------------|
|  | <hr/>               | <hr/>                 |
| <b>Investment result</b>   | 12,830              | (10,457)              |
| <b>Unrealised results that upon realisation<br/>are taken to the profit-and-loss account</b> |                     |                       |
| Value movements financial derivatives taken directly<br>to equity                            | 12,265              | (3,830)               |
| Transfer of unrealised results<br>on financial derivatives to profit and loss account        | 7,156               | -                     |
| Translation differences net investments  | (101)               | (311)                 |
| Taxes on unrealised results<br>taken directly to equity                                      | 743                 | (1,368)               |
| Other comprehensive income   | <hr/> 20,063        | <hr/> (5,509)         |
| <i>Total comprehensive result</i>  | <b>32,893</b>       | <b>(15,966)</b>       |
| Attributable to:   |                     |                       |
| Vastned Retail shareholders  | 19,057              | (17,853)              |
| Non-controlling interests  | 13,836              | 1,887                 |
|  | <hr/> <b>32,893</b> | <hr/> <b>(15,966)</b> |
| <b>Per share (x €1)</b>  |                     |                       |
| Total investment result attributable to<br>Vastned Retail shareholders                       | 1.00                | (0.95)                |

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

|   | <b>30 June<br/>2013</b> | <b>31 December<br/>2012 <sup>1</sup></b> | <b>30 June<br/>2012 <sup>2</sup></b> |
|---|-------------------------|--|--------------------------------------|
| <b>Assets</b>   |                         |  |                                      |
| Investment properties in operation                            | 1,764,532               | 1,926,713                                | 1,981,556                            |
| Other assets in respect of lease incentives                   | 4,966                   | 4,733                                    | 4,385                                |
|   | <hr/>                   | <hr/>                                    | <hr/>                                |
| Investment properties in pipeline                             | 1,769,498<br>50,803     | 1,931,446<br>49,539                      | 1,985,941<br>82,795                  |
| <i>Total investment properties</i>                            | <hr/> <b>1,820,301</b>  | <hr/> <b>1,980,985</b>                   | <hr/> <b>2,068,736</b>               |
| Tangible fixed assets   | 1,586                   | 1,595                                    | 1,073                                |
| Financial derivatives   | 1,645                   | 2,222                                    | 2,035                                |
| Deferred tax liabilities                                      | 172                     | 345                                      | 478                                  |
| <i>Total fixed assets</i>                                     | <hr/> <b>1,823,704</b>  | <hr/> <b>1,985,147</b>                   | <hr/> <b>2,072,322</b>               |
| Debtors and other receivables                                 | 29,588                  | 12,959                                   | 23,476                               |
| Income tax  | 613                     | 513                                      | 541                                  |
| Cash and cash equivalents                                     | 6,645                   | 4,908                                    | 2,816                                |
| <i>Total currents assets</i>                                  | <hr/> <b>36,846</b>     | <hr/> <b>18,380</b>                      | <hr/> <b>26,833</b>                  |
| <i>Total assets</i>   | <hr/> <b>1,860,550</b>  | <hr/> <b>2,003,527</b>                   | <hr/> <b>2,099,155</b>               |
| <b>Equity and liabilities</b>                                 |                         |  |                                      |
| Capital paid-up and called                                    | 95,183                  | 95,183                                   | 95,183                               |
| Share premium reserve   | 468,555                 | 468,555                                  | 468,555                              |
| Hedging reserve in respect of financial derivatives           | (24,856)                | (44,747)                                 | (44,990)                             |
| Translation reserve   | (2,565)                 | (2,464)                                  | (2,340)                              |
| Other reserves  | 353,823                 | 424,139                                  | 443,788                              |
| Investment result attributable to Vastned Retail shareholders | (733)                   | (41,000)                                 | (12,317)                             |
| Equity Vastned Retail shareholders                            | <hr/> 889,407           | <hr/> 899,666                            | <hr/> 947,879                        |
| Equity non-controlling interests                              | 125,049                 | 118,705                                  | 100,815                              |
| <i>Total equity</i>   | <hr/> <b>1,014,456</b>  | <hr/> <b>1,018,371</b>                   | <hr/> <b>1,048,694</b>               |
| Deferred tax liabilities                                      | 11,247                  | 13,037                                   | 17,731                               |
| Provisions in respect of employee benefits                    | 4,143                   | 4,352                                    | 1,753                                |
| Long-term interest-bearing loans                              | 621,773                 | 676,618                                  | 785,490                              |
| Financial derivatives   | 37,522                  | 49,393                                   | 50,147                               |
| Long-term tax liabilities                                     | 561                     | 561                                      | 1,122                                |
| Guarantee deposits and other long-term liabilities            | 7,097                   | 9,019                                    | 9,182                                |
| <i>Total long-term liabilities</i>                            | <hr/> <b>682,343</b>    | <hr/> <b>752,980</b>                     | <hr/> <b>865,425</b>                 |
| Payable to banks  | 40,549                  | 77,023                                   | 100,844                              |
| Redemption long-term liabilities                              | 93,902                  | 115,522                                  | 42,020                               |
| Financial derivatives   | 1,365                   | 3,202                                    | 1,886                                |
| Income tax  | 516                     | 792                                      | 3,350                                |
| Other liabilities and accruals                                | 27,419                  | 35,637                                   | 36,936                               |
| <i>Total short-term liabilities</i>                           | <hr/> <b>163,751</b>    | <hr/> <b>232,176</b>                     | <hr/> <b>185,036</b>                 |
| <i>Total equity and liabilities</i>                           | <hr/> <b>1,860,550</b>  | <hr/> <b>2,003,527</b>                   | <hr/> <b>2,099,155</b>               |

1 Application of IAS 19R as of 1 January 2013 resulted in an adjustment of the other reserves (decrease of €3,605), the investment result attributable to Vastned Retail shareholders (increase of €14) and the provisions in respect of employee benefits (increase of €3,591).

2 Application of IAS 19R as of 1 January 2013 resulted in an adjustment of the other reserves (decrease of €1,171), the investment result attributable to Vastned Retail shareholders (increase of €7) and the provisions in respect of employee benefits (increase of €1,164).

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

|   | Capital<br>paid up and<br>capital | Share<br>premium<br>reserve | Hedging<br>reserve in<br>respect of<br>financial<br>derivatives | Translation<br>reserve | Other<br>reserves | Investment<br>result<br>attributable<br>to<br>Vastned<br>Retail<br>shareholders | Equity<br>Vastned<br>Retail<br>shareholders | Equity<br>non-<br>controlling<br>interests | Total<br>equity |
|---|-----------------------------------|-----------------------------|---|------------------------|-------------------|---|---|--|-----------------|
| Balance as at 31 December 2011  | 93,106                            | 470,705                     | (39,765)  | (2,029)                | 382,279           | 96,097  | 1,000,393                                   | 105,308                                    | 1,105,701       |
| Adjustment in respect of IAS 19R  |                                   |                             |   |                        | (1,171)           |   | (1,171)                                     |  | (1,171)         |
| Balance as at 1 January 2012  | 93,106                            | 470,705                     | (39,765)  | (2,029)                | 381,108           | 96,097  | 999,222                                     | 105,308                                    | 1,104,530       |
| Direct investment result  |                                   |                             |   |                        |                   | 31,641  | 31,641                                      | 3,243                                      | 34,884          |
| Indirect investment result  |                                   |                             |   |                        |                   | (43,958)  | (43,958)                                    | (1,383)                                    | (45,341)        |
| Value movements financial<br>derivatives  |                                   |                             | (5,225)   |                        |                   |   | (5,225)                                     | 27   | (5,198)         |
| Translation differences<br>net investments  |                                   |                             |   | (311)                  |                   |   | (311)                                       |  | (311)           |
| <i>Total comprehensive result</i>   | -                                 | -                           | (5,225)   | (311)                  | -                 | (12,317)  | (17,853)                                    | 1,887                                      | (15,966)        |
| Stock dividend  | 2,077                             | (2,077)                     |   |                        |                   |   | -   |  | -               |
| Costs of stock dividend   |                                   | (73)                        |   |                        |                   |   | (73)  |  | (73)            |
| Final dividend previous financial year in cash  |                                   |                             |   |                        |                   | (33,417)  | (33,417)                                    | (6,380)                                    | (39,797)        |
| Contribution from profit appropriation  |                                   |                             |   |                        | 62,680            | (62,680)  | -   |  | -               |
| <i>Balance as at 30 June 2012</i>   | 95,183                            | 468,555                     | (44,990)  | (2,340)                | 443,788           | (12,317)  | 947,879                                     | 100,815                                    | 1,048,694       |
| Balance as at 1 January 2013  | 95,183                            | 468,555                     | (44,747)  | (2,464)                | 424,139           | (41,000)  | 899,666                                     | 118,705                                    | 1,018,371       |
| Direct investment result  |                                   |                             |   |                        |                   | 29,345  | 29,345                                      | 3,763                                      | 33,108          |
| Indirect investment result  |                                   |                             |   |                        |                   | (30,078)  | (30,078)                                    | 9,800                                      | (20,278)        |
| Value movements financial<br>derivatives  |                                   |                             | 12,735  |                        |                   |   | 12,735                                      | 273  | 13,008          |
| Transfer of unrealised results on financial<br>derivatives to profit and loss account |                                   |                             | 7,156   |                        |                   |   | 7,156                                       |  | 7,156           |
| Translation differences<br>net investments  |                                   |                             |   | (101)                  |                   |   | (101)                                       |  | (101)           |
| <i>Total comprehensive result</i>   | -                                 | -                           | 19,891  | (101)                  | -                 | (733)   | 19,057                                      | 13,836                                     | 32,893          |
| Final dividend previous financial year in cash  |                                   |                             |   |                        |                   | (29,316)  | (29,316)                                    | (7,492)                                    | (36,808)        |
| Contribution from profit appropriation  |                                   |                             |   |                        | (70,316)          | 70,316  | -   |  | -               |
| <i>Balance as at 30 June 2013</i>   | 95,183                            | 468,555                     | (24,856)  | (2,565)                | 353,823           | (733)   | 889,407                                     | 125,049                                    | 1,014,456       |

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

|   | <b><u>HY1<br/>2013</u></b> | <b><u>HY1<br/>2012</u></b> |
|---|----------------------------|----------------------------|
| <b>Cash flow from operating activities</b>  |                            |                            |
| Investment result   | 12,830                     | (10,457)                   |
| Adjustments for:  |                            |                            |
| Value movements investment properties   | 12,873                     | 53,846                     |
| Net result on investment property divestments   | 3,026                      | (941)                      |
| Net financing costs   | 23,665                     | 18,849                     |
| Income tax  | (502)                      | (7,292)                    |
| <i>Cash flow from operating activities before changes<br/>in working capital and provisions</i> | <u>51,892</u>              | <u>54,005</u>              |
| Movement current assets   | 566                        | 579                        |
| Movement short-term liabilities   | (4,843)                    | (426)                      |
| Movement provisions   | (286)                      | (1,755)                    |
|   | <u>47,329</u>              | <u>52,403</u>              |
| Interest paid (on balance)  | (17,839)                   | (17,669)                   |
| Income tax paid   | (604)                      | (289)                      |
| <i>Cash flow from operating activities</i>  | <b><u>28,886</u></b>       | <b><u>34,445</u></b>       |
| <b>Cash flow from investment activities</b>   |                            |                            |
| Acquisition of investment properties and investments  | (23,032)                   | (28,208)                   |
| Disposal of investment properties   | 147,815                    | 20,640                     |
| <i>Cash flow from property</i>  | <u>124,783</u>             | <u>(7,568)</u>             |
| Movement tangible fixed assets  | 9                          | 42                         |
| <i>Cash flow from investment activities</i>   | <b><u>124,792</u></b>      | <b><u>(7,526)</u></b>      |
| <b>Cash flow from financing activities</b>  |                            |                            |
| Dividend paid   | (29,316)                   | (33,490)                   |
| Dividend paid to non-controlling interests  | (7,491)                    | (6,443)                    |
| Interest-bearing loans drawn down   | 9,977                      | 77,346                     |
| Interest-bearing loans redeemed   | (125,111)                  | (65,860)                   |
| <i>Cash flow from financing activities</i>  | <u>(151,941)</u>           | <u>(28,447)</u>            |
| <b>Movement in cash and cash equivalents</b>  | <b>1,737</b>               | <b>(1,528)</b>             |
| Cash and cash equivalents as at 1 January   | 4,908                      | 4,339                      |
| Translation differences on cash and cash equivalents  | -                          | 5                          |
| <i>Cash and cash equivalents at year-end</i>  | <b><u>6,645</u></b>        | <b><u>2,816</u></b>        |

## NOTES TO THE CONSOLIDATED FINANCIAL INTERIM REPORT 2013

### 1. General

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

Vastned Retail makes long-term investments in retail property, focusing on high street shops. Investments are also made in shopping centres and retail warehouses. The investments are located in the Netherlands, France, Belgium, Spain, Turkey and Portugal.

On October 20, 2006, the AFM granted to Vastned Management B.V. the licence as meant in Book 2, Section 25 (1) (a) of the Financial Supervision Act pursuant to which this company can act as manager of Vastned Retail.

The consolidated interim financial interim report of Vastned Retail comprises Vastned Retail and its subsidiaries (jointly and the interest of the Group in the associates and entities over which it has joint control.

The consolidated interim financial report was drawn up by the board of management and authorised for publication by the supervisory board on 13 August 2013.

The consolidated financial interim report has not been audited.

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

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

The consolidated financial interim report has been prepared in accordance with IAS 34 *'Interim Financial Reporting'* as endorsed by the European Union.

The principles applied in the preparation of the consolidated interim financial statement are consistent with the principles set out in the annual report for the 2012 financial year, with the exception of the application of new standards and interpretations described below.

#### Effect of new, revised and improved standards

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

- IAS 1 *Presentation of Financial Statements (Amendments to revise the way other comprehensive income is presented)*.

This standard concerns the presentation of the comprehensive income. The Group has amended the presentation of the comprehensive income accordingly;

- IAS19 *Employee Benefits (Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects)*

The revisions to this standard affect inter alia the recognition of actuarial gains and losses on the cash value of the defined benefit pension obligations and the fair value of the plan assets. As of 1 January 2013, these actuarial gains and losses (referred to as 'remeasurements' in the revised standard) must be recognised directly in equity, and may no longer be presented using the 'corridor approach'.

Another revision of this standard concerns the presentation of changes in the defined benefit liability and the fair value of the plan assets. The changes in the defined benefit liability and the fair value of the plan assets are divided into three elements: increase of the cash value of defined benefit pension rights (service costs), net interest and remeasurements. The comparative figures for the first half year of 2012 have been adjusted accordingly.

Application of the revised standard resulted in a decrease in equity by €1,171 as of 1 January 2012, by €3,591 as of 31 December 2012 and an improvement in the investment result for the first half year of 2012 by €7;

- IFRS 13 *Fair Value Measurement*

This standard affects inter alia the clarification obligations concerning the accounting principles of the property and financial derivatives. The clarifications will be included in the annual accounts 2013. The revised standard has no material effect on the financial results of the Group.

The revisions of the standards below that will take effect as of 1 January 2013, will not have a material effect on the presentation, notes of financial results of the Group.

- IFRS 1 *Government Loans (Amendments to IFRS 1)*

- IFRS 1 *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

- IFRS 7 *Financial Instruments: Disclosures (Amendments enhancing disclosures about offsetting of financial assets and financial liabilities)*

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

- *Improvements to IFRSs 2009-2011*

In the preparation of the consolidated financial interim report, the essential judgments used by the board of management in the application of Vastned Retail's principles for financial reporting and the main estimates are identical to the essential judgments and main estimates used in the 2012 annual accounts. The actual results may deviate from these estimates.

### 3. Segment information

|                   | Investment properties |                  | Gross rental income |               | Operating costs including ground rents paid and net service charge expenses |              | Net rental income |               |
|-------------------|-----------------------|------------------|---------------------|---------------|---|--------------|-------------------|---------------|
|                   | 30 June               |                  | HY1                 |               | HY1   |              | HY1               |               |
|                   | 2013                  | 2012             | 2013                | 2012          | 2013  | 2012         | 2013              | 2012          |
| Nederland         | 706,715               | 773,358          | 24,209              | 26,288        | 2,903   | 3,546        | 21,306            | 22,742        |
| France            | 316,942               | 475,988          | 13,538              | 14,003        | 1,690   | 1,265        | 11,848            | 12,738        |
| Belgium           | 357,926               | 338,382          | 10,894              | 11,073        | 957   | 1,091        | 9,937             | 9,982         |
| Spain             | 297,605               | 360,777          | 13,114              | 14,458        | 2,185   | 2,723        | 10,929            | 11,735        |
| Turkey            | 129,301               | 107,705          | 2,112               | 802           | 142   | 99           | 1,970             | 703           |
| Portugal          | 11,812                | 12,526           | 538                 | 521           | 32  | 20           | 506               | 501           |
| <b>Total</b>      | <b>1,820,301</b>      | <b>2,068,736</b> | <b>64,405</b>       | <b>67,145</b> | <b>7,909</b>  | <b>8,744</b> | <b>56,496</b>     | <b>58,401</b> |
| High street shops | 1,103,981             | 1,074,664        | 31,133              | 29,572        | 3,306   | 3,183        | 27,827            | 26,389        |
| Other             | 716,320               | 994,072          | 33,272              | 37,573        | 4,603   | 5,561        | 28,669            | 32,012        |
|                   | <b>1,820,301</b>      | <b>2,068,736</b> | <b>64,405</b>       | <b>67,145</b> | <b>7,909</b>  | <b>8,744</b> | <b>56,496</b>     | <b>58,401</b> |

|  | Value movements investment properties |                 | Net result on disposals investment properties |            | Movement in deferred tax assets and liabilities |              | Total           |                 |
|--|---------------------------------------|-----------------|---|------------|---|--------------|-----------------|-----------------|
|  | HY1                                   |                 | HY1   |            | HY1   |              | HY1             |                 |
|  | 2013                                  | 2012            | 2013  | 2012       | 2013  | 2012         | 2013            | 2012            |
| Netherlands                            | (16,015)                              | (7,469)         | (352)   | 623        | (172)   | -            | (16,539)        | (6,846)         |
| France                                 | (3,964)                               | (557)           | (2,628)                                       | (153)      | -   | -            | (6,592)         | (710)           |
| Belgium                                | 28,378                                | 3,664           | (46)  | 494        | (25)  | 22           | 28,307          | 4,180           |
| Spain                                  | (21,008)                              | (51,026)        | -   | -          | 3,104   | 7,867        | (17,904)        | (43,159)        |
| Turkey                                 | 116                                   | 1,420           | -   | (23)       | (1,035)   | 359          | (919)           | 1,756           |
| Portugal                               | (380)                                 | 122             | -   | -          | 39  | (23)         | (341)           | 99              |
|  | (12,873)                              | (53,846)        | (3,026)                                       | 941        | 1,911   | 8,225        | (13,988)        | (44,680)        |
| Of which attributable to third parties | (9,327)                               | 1,203           | 16  | (136)      | 9   | (6)          | (9,302)         | 1,061           |
|  | <b>(22,200)</b>                       | <b>(52,643)</b> | <b>(3,010)</b>                                | <b>805</b> | <b>1,920</b>                                    | <b>8,219</b> | <b>(23,290)</b> | <b>(43,619)</b> |
| High street shops                      | 8,344                                 | 16,267          | (1,339)                                       | 544        | (1,297)   | 222          | 5,708           | 17,033          |
| Other                                  | (21,217)                              | (70,113)        | (1,687)                                       | 397        | 3,208   | 8,003        | (19,696)        | (61,713)        |
|  | (12,873)                              | (53,846)        | (3,026)                                       | 941        | 1,911   | 8,225        | (13,988)        | (44,680)        |
| Of which attributable to third parties | (9,327)                               | 1,203           | 16  | (136)      | 9   | (6)          | (9,302)         | 1,061           |
|  | <b>(22,200)</b>                       | <b>(52,643)</b> | <b>(3,010)</b>                                | <b>805</b> | <b>1,920</b>                                    | <b>8,219</b> | <b>(23,290)</b> | <b>(43,619)</b> |

### 4. Financial instruments

The financial instruments valued at fair value are divided into three different levels, depending on the input based on which the appraisal techniques were applied.

Level 1: Financial instruments whose value is based on quoted market prices in active markets for comparable assets and liabilities.

Level 2: Financial instruments whose value is based on an appraisal technique which, directly or indirectly, uses only data observable in the market.

Level 3: Financial instruments whose value is determined using an appraisal technique that is fully or partly based on assumptions that are not based on data observable in the market.

All financial derivatives come under level 2, whereby appraisals are made based on calculations by financial institutions.

### 5. Dividend

On 22 May 2013, the final dividend for the 2012 financial year was made payable. The dividend was € 1.54 per share in cash. This dividend payment totalled € 29.3 million.

### 6. Events after balance sheet date

In July, for approx. € 47 million, 5 high street shops at Cours de l'Intendance 56-64 and a high straat shop at Rue de la Porte Dijeaux 35 in Bordeaux were acquired.

## **7. Related parties transactions**

Except with respect to the issues described below, no material changes occurred in the first half year of 2013 in the nature, scale or volume of transactions with related parties compared to what was set out in the notes to the 2012 annual accounts.

During the first half of 2013 none of the members of the supervisory board and board of management of Vastned Retail had a personal interest in the investments of Vastned Retail. To the best of Vastned Retail's knowledge, during the reporting period no transaction took place with persons or institutions that may be considered to be parties with direct interests in Vastned Retail.

## **Interests of major investors**

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

|  |       |
|--|-------|
| Commonwealth Bank of Australia                                 | 5.79% |
| Stichting Pensioenfonds ABP                                    | 5.15% |
| Société Fédérale de Participations et d'Investissements (SFPI) | 4.93% |
| Norges Bank  | 4.07% |
| BlackRock, Inc.  | 3.02% |

## **8. Total expense ratio**

The total expense ratio for 2013 was 2.88% (annualised).

## DEVELOPMENT GROSS RENTAL INCOME - High street shops

(€million)

|  | Netherlands | France | Belgium | Spain <sup>1</sup> | Turkey | Total |
|--|-------------|--------|---------|--------------------|--------|-------|
| Gross rental income HY1 2012                       | 13.4        | 8.3    | 5.4     | 1.6                | 0.8    | 29.5  |
| Acquisitions                                       | 0.9         | 0.8    | -       | -                  | 0.3    | 2.0   |
| Taken into operation                               | -           | -      | -       | -                  | 1.0    | 1.0   |
| Divestments  | (1.2)       | (0.5)  | -       | (0.1)              | -      | (1.8) |
| Like-for-like rent growth                          | -           | -      | 0.1     | 0.2                | -      | 0.3   |
| Gross rental income HY1 2013                       | 13.1        | 8.6    | 5.5     | 1.7                | 2.1    | 31.0  |
| Operating expenses <sup>2</sup>                    | (1.7)       | (1.0)  | (0.4)   | (0.1)              | (0.1)  | (3.3) |
| Net rental income HY1 2013                         | 11.4        | 7.6    | 5.1     | 1.6                | 2.0    | 27.7  |
| Operating expenses as %<br>of gross rental income: |             |        |         |                    |        |       |
| - in HY1 2013                                      | 12.8        | 11.2   | 7.5     | 6.0                | 6.7    | 10.7  |
| - in HY1 2012                                      | 13.7        | 8.1    | 8.7     | 5.9                | 12.3   | 10.8  |

## DEVELOPMENT NET RENTAL INCOME - Other investment properties

(€million)

|  | Netherlands | France | Belgium | Spain <sup>1</sup> | Turkey | Total |
|--|-------------|--------|---------|--------------------|--------|-------|
| Gross rental income HY1 2012                       | 12.9        | 5.7    | 5.7     | 13.3               | -      | 37.6  |
| Acquisitions                                       | 0.7         | -      | -       | -                  | -      | 0.7   |
| Taken into operation                               | -           | -      | -       | -                  | -      | -     |
| Divestments  | (2.3)       | (0.9)  | (0.4)   | -                  | -      | (3.6) |
| Like-for-like rent growth                          | (0.2)       | 0.1    | 0.1     | (1.3)              | -      | (1.3) |
| Gross rental income HY1 2013                       | 11.1        | 4.9    | 5.4     | 12.0               | -      | 33.4  |
| Operating expenses <sup>2</sup>                    | (1.2)       | (0.7)  | (0.6)   | (2.1)              | -      | (4.6) |
| Net rental income HY1 2013                         | 9.9         | 4.2    | 4.8     | 9.9                | -      | 28.8  |
| Operating expenses as %<br>of gross rental income: |             |        |         |                    |        |       |
| - in HY1 2013                                      | 11.0        | 14.9   | 10.1    | 17.7               | -      | 13.8  |
| - in HY1 2012                                      | 13.2        | 10.3   | 11.0    | 19.9               | -      | 14.8  |

## DEVELOPMENT NET RENTAL INCOME - Total

(€million)

|  | Netherlands | France | Belgium | Spain <sup>1</sup> | Turkey | Total |
|--|-------------|--------|---------|--------------------|--------|-------|
| Gross rental income HY1 2012                       | 26.3        | 14.0   | 11.1    | 14.9               | 0.8    | 67.1  |
| Acquisitions                                       | 1.6         | 0.8    | -       | -                  | 0.3    | 2.7   |
| Taken into operation                               | -           | -      | -       | -                  | 1.0    | 1.0   |
| Divestments  | (3.5)       | (1.4)  | (0.4)   | (0.1)              | -      | (5.4) |
| Like-for-like rent growth                          | (0.2)       | 0.1    | 0.2     | (1.1)              | -      | (1.0) |
| Gross rental income HY1 2013                       | 24.2        | 13.5   | 10.9    | 13.7               | 2.1    | 64.4  |
| Operating expenses <sup>2</sup>                    | (2.9)       | (1.7)  | (1.0)   | (2.2)              | (0.1)  | (7.9) |
| Net rental income HY1 2013                         | 21.3        | 11.8   | 9.9     | 11.5               | 2.0    | 56.5  |
| Operating expenses as %<br>of gross rental income: |             |        |         |                    |        |       |
| - in HY1 2013                                      | 12.0        | 12.6   | 8.8     | 16.2               | 6.7    | 12.3  |
| - in HY1 2012                                      | 13.5        | 9.0    | 9.9     | 18.3               | 12.3   | 13.0  |

<sup>1</sup> Including Portugal.

<sup>2</sup> Including ground rents paid and net service charge expenses.