vastned
Venues for Premium Shopping

MINUTES OF THE PROCEEDINGS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN VASTNED RETAIL N.V. FOR THE 2015 FINANCIAL YEAR

Wednesday 20 April 2016 from 1:00pm - 2:45pm, Rosarium, Amstelpark 1 in Amsterdam, the Netherlands.

Chairman: Mr W.J. Kolff, chairman of the supervisory board of Vastned Retail N.V. ('Vastned' or the 'Company')
Secretary: Mr M.C. Magrijn, general counsel at Vastned.

ITEM 1 OPENING AND ANNOUNCEMENTS

Mr Kolff: good afternoon ladies and gentlemen, welcome to the Annual General Meeting of shareholders of Vastned for the 2015 financial year; I hereby open the meeting. I note that the meeting has been convened in accordance with the law and the articles of association of the Company. The agenda with the items to be discussed and appendices have been made available for inspection timely at the office of the company, through ABN AMRO and as of 9 March of this year on the company website. I appoint Mr Magrijn as secretary to this meeting and, as soon as we have the information, we will let you know the number of shareholders present at the meeting who are entitled to vote. Today, we will discuss 14 agenda items. The agenda with the topics to be discussed is also projected on the screen behind me.

I will give you the opportunity to ask questions at each agenda item. Please use the microphone when you do, stating your name loudly and clearly before you ask your question. Now kindly check that your mobile phone is off or on a silent setting.
If you have no further questions, I will now go on to the second item on the agenda. I would like to give the floor to Vastned's CEO, Mr Taco de Groot. He will comment on the past financial year and give his view of the various developments and how they affect Vastned. Reinier Walta, CFO of Vastned, will then take over from Taco de Groot and explain the effects these developments had on the financial results for 2015 and the financing portfolio.

ITEM 2 REPORT OF THE BOARD OF MANAGEMENT ON THE 2015 FINANCIAL YEAR

Mr De Groot: Thank you, Wouter. I am also pleased to welcome you all to this Annual General Meeting. Before I move on to what 2015 has meant for Vastned, I would like to take this opportunity to thank my colleagues both here in the Netherlands and abroad. Without their support and dedication, we would not have been able to achieve these results. And I would like to thank the Supervisory Board for their dedication, advice and actions over the past year. We achieved good results in 2015, both financial and strategic. We made some great acquisitions in Amsterdam, Antwerp and Paris and sold a large number of mostly smaller properties in places like Purmerend, Angers and Vilvoorde. With these acquisitions and divestments, we have raised the quality of the portfolio, which we believe is necessary in view of the division in the retail market, which we think has only just begun: the division in retailers and in streets. Popular shopping streets will become even more popular, but I will come back to this later.

Reinier Walta (CFO) will comment on the financial results, and will explain to you why we are convinced that our focus on growth in these premium city high street shops is the right choice.

Due to the acquisitions and divestments and the realised value increases we have been able to grow the share of premium city high street shops from 60% to 68% this year. Our objective is to let it grow further to 75%.

There are going to be some changes in our Belgian team. Vastned Retail Belgium NV, in which we are a major shareholder with a 65.5% interest, will get its own management. Previously, Vastned Retail Belgium and Intervest Offices & Warehouses shared the same management. This was something of a relic from the past. Now the shareholder structure of Intervest has changed and NSI NV is no longer the major shareholder, we felt it was the right time to change, as it will allow the management focus fully on Vastned Retail Belgium, and not divide its time. Rudi Taelemans, who is currently COO, and myself will become CEOs and Reinier Walta will become CFO of Vastned Retail Belgium. With Reinier as CFO and myself as co-CEO, Vastned Retail and Vastned Retail Belgium will be even more tightly connected and communication will be even more efficient. However, the local competent authority, FSMA, has yet to approve this change.

On this slide, you can see why we have made the strategic choice to further expand the premium city high street shops portfolio. They perform well on all key parameters. The occupancy rate was virtually 100% and the like-for-like rent growth was also positive. The value increases of the premium city high street shops have in fact pushed up the value of the total portfolio by 1.7% this year.

The direct result rose to € 2.58 per share in 2015. An important reason for this increase compared to last year, when the direct result was € 2.44, is that in 2015 we succeeded in reducing our financing costs sharply. The indirect result was €0.86 positive, compared to €0.77 negative per share last year. This was mainly due to the value increases of the premium city high street shops and the positive results on divestments.

Let’s look at the background against which we managed to book these results, and I would like to use the Dutch retail market as an example. Last year, there was a great deal going on among retailers, and in the media, too, there was lots of attention for the Dutch retail landscape. I might as well bite the bullet straight away: the bankruptcy of V&D, which cast a gloom over the entire year. First there were attempts by various parties to help V&D survive, but at the end of the year the end proved inescapable, which sadly cost many, many people their jobs. The same division in terms of locations is apparent with V&D. For some locations, new tenants were quick to arrive. For example, in The Hague, Decathlon will take the place of V&D. We had one V&D, on Buikslotermeerplein in Amsterdam-Noord, for which we are now in talks with three retailers that are nearly complete. The property will be completely renovated and given a new layout, so that there will not be any rental income from it this year. V&D is just one example of the bankruptcies that we have seen over the past five years. In total, between 20-25 chains have gone out of business in the Netherlands, among them Free Record Shop, Miss Etam, Schoenenreus and more recently Perry Sport and Aktiesport.

Why is this happening and why can’t retailers run a profitable business? I believe all these retailers have blindly stuck to their formulas from the 1980s, but the world has changed. Just putting goods in your shop window and hoping someone will come in and buy them does not work anymore. With the Internet, consumers are far better informed, have far more choice and therefore expect far more from the retailer. Retailers have to distinguish themselves in order to be successful. The big international chains that are popular all over the world, such as H&M, Inditex and Primark know how to respond to the changing needs of their customers. Marketing is a key factor in these companies. They rapidly renew their collections, have a clear style of their own and a good online platform. H&M has a different brand for every target group, which is marketed differently and responds to the desires and

tastes of that particular group of customers. And a major retailer like Zara does not even do advertising - very peculiar. Without outlay on advertising they run a very successful chain. So how do they manage to get customers into their shops? Customers know that the collections change: there is always something new in the shops. Another development we are anticipating is that certain retailers always want to be close together. What other brands are there in this street? Do these brands make the street attractive for my customers? And if so, to what part of the street do they want to come? Take for example Leidsestraat in Amsterdam, where we have managed to attract the London fashion brand Ted Baker. For us, this meant a big hike in rental income and the value of the property. And of course, the arrival of Ted Baker was a great addition to the street as a whole.
You see the street develop into a unique spot for retailers in the segment in between the truly exclusive brands, such as Louis Vuitton and Prada, and the mass-market brands such as Zara and H&M. To me, these 'middle market' brands, next to Ted Baker, are international retailers as Michael Kors, Aspects and Ikks, but also Karen Millen, Adidas, Hugo Boss, Fillipa Ka and G-star women. All these brands together in a high street make the street attractive to this specific customer group, and therefore also for retailers.

Meanwhile, we have also got busy with the property next to Ted Baker, where Rituals and CoffeeCompany used to be. Rituals now has a bigger shop across the street and CoffeeCompany are about to leave. Back in the day, we took the risk of buying the property because it had a connection between the two properties. The Municipality of Amsterdam won't allow joining properties at street level, so the façade is also the dividing line between the shops. But the hole in the wall was already there, and so we talked to the Municipality, explaining that we also wanted to create residential space above the shops. Eventually they gave us permission to make it into one big shop. That's where the first shop in the Netherlands of the Spanish men's fashion brand Scalpers is going to be. They will be a good addition to Leidsestraat.

Over the past year, we have managed to expand the premium city high street shop portfolio by € 164 million. Our biggest acquisition was in Amsterdam on the busiest part of Kalverstraat, where we bought the 6,000 sqm building with the flagship stores of Forever 21 and Pull & Bear, and Inditex subsidiary, for € 108 million.

In Antwerp we bought several smaller historic properties in and around Schuttershofstraat and on Korte Gasthuisstraat for € 29 million in total. Schuttershofstraat is the luxury shopping street of Antwerp.

In total, we looked at potential acquisition opportunities of some € 3 billion last year, but we are highly critical about what we buy. The acquisitions must have potential, opportunities to create additional space for the shop, or in fact residential space above the shops. Or perhaps it is next door to another property that we already own, and they can be joined together. There has to be some upside.

In Amsterdam we now have the biggest portfolio of premium city high street shops; it is worth € 257 million in total. We had some properties in Amsterdam going back quite a few years, but in recent years we have expanded the portfolio massively. Our premium city high street shops are clustered around three streets, which we think are the main shopping streets in Amsterdam: On Kalverstraat you find all the well-known mass-market brands, like Forever 21, H&M, Pull & Bear, Zara, Mango, Hunkemöller, Vero Moda, Cool Cat etc. Then there is Leidsestraat, which I mentioned earlier, and P.C. Hooftstraat, the prime luxury shopping street in Amsterdam, and I think I can safely say the prime luxury shopping street of the Netherlands. All luxury brands like Louis Vuitton, Prada, Gucci and Hermès have a shop here. When we kicked off the high street strategy four years ago, we did not have any shops in In this street. Investors were sceptical whether we would be able to fight our way into this market, which used to be dominated by private parties. But with the right attitude and the perseverance to keep going after getting 'no' for an answer 10 times, but also by acting professionally we now have eight properties on this street with tenants like Schaap & Citroen, Burberry and Mulberry.

In Antwerp, we have been able to make a number of acquisitions this year. We expanded the portfolio mainly in and around Schuttershofstraat. In Antwerp, too, the portfolio is clustered around a few popular shopping streets. We only want to be in the best spots in the best high streets.

Forming clusters in and around certain streets definitely yields returns in several regards. For example, if you have adjoining properties, you have more flexibility - you can join them or split them according to demand. And on the other hand, it increases your visibility and name awareness in the market, which makes it easier to find you for parties like retailers, estate agents and other property owners who may be interested in selling you a property. It also shows them that we are serious and professional actors and that we have a clear strategy, and that in turn helps us to further expand our holdings in Antwerp.

Our Antwerp portfolio now comprises 16 high street shops, which are leased to retailers including & Other Stories, Massimo Dutti, Rituals, Armani Jeans, Manila Grace, and last week the well-known brand Falke that sells quality socks and luxury ladies' stockings opened its first flagship store in Antwerp on Schuttershofstraat.

Another fine example are our acquisitions in 'Le Marais' in Paris. The two adjoining high street shops are now leased to Adidas and Suite341. We are going to join these shops together into one big retail location of close to 400 sqm. This is unique in Le Marais. In general, the shops in this area are between 75 and 150 square metres. This will allow us to net a major rent increase. The first steps on the way to creating a cluster have been set and our intention is to expand our portfolio here further. Le Marais is a historic district in Paris where not only Parisians love to shop, but which is also becoming more and more popular with tourists. Consequently increasing numbers of retailers, among them major international retailers, such as Adidas and Sandro, but also Maje, Uniqlo, Ted Baker, COS and The Kooples are keen to move here.

As I said, we have set some great steps. The acquisition of Vredenburg 9 in Utrecht this year was certainly one of them. This truly is a building with upside and rent increase potential. It is a property of over 1,600 sqm with a 20-metre wide façade. It has a multitude of possibilities, and is in a great location into the bargain: in the heart of Utrecht on Vredenburg square with Zara and Starbucks as opposite neighbours. This summer, the whole square is going to be freshened up with new paving, trees and benches. It is going to be a beautiful place, where the new entrance to Hoog Catharijne will also be. After this acquisition, Vastned's total portfolio in Utrecht's historic centre is over € 82 million.

On the previous slides we talked about expanding in the best high streets of the bigger European cities in order to further improve the quality of the portfolio. That is one way to achieve this. But what we also do is sell property outside premium cities that does not fit the portfolio.

Last year, we sold non-strategic assets for over € 86 million in total, by which we largely cleaned up the French and Belgian portfolios. The French portfolio is now 89 premium city high street shops, the Belgian portfolio 59%. In Belgium there is the 'baanwinkel' phenomenon, a kind of retail parks which are very popular in that country. For this reason, we will not sell these assets.

In 2016 we will continue to sell non-strategic assets, especially in the Netherlands. Even though we have sold a great deal in the Netherlands over the past year, our properties remain relatively spread out. We feel we should dispose of some of them, for example shops in smaller cities or parts of shopping centres that we still have.
I do want to stress that we do not intend to sell all the property outside the premium cities. because there is some high-quality retail property, e.g. in Eindhoven and Zwolle, where we managed to realise some decent rent increases over the past year. So we will keep those.

I have news for Mr Broenink, who last year said he felt that the property in Zwart Janstraat in Rotterdam did not fit our strategy. I promised you that I would make amends, and I can tell you now that we have sold it.

In addition to the acquisitions and divestments made last year, this year we concluded a total of 139 leases. We managed to secure sharp rent increases for the premium city high street shops. 24.4% to be precise. In order to achieve that, you sometimes have to go the road less travelled by. As we did with Ted Baker in Amsterdam, but also in Antwerp. We heard that the Italian high-end fashion brand Manila Grace was considering opening a shop in Belgium, without definite plans. Their advisers said they were holding back. We didn't want to wait, got on a plane and went to Bologna, where we talked to the CFO at their headquarters. A few weeks later the deal was signed. Clever and creative proactiveness, that is the way we work, and the way you have to work if you want to make a difference.

The € 0.3 million decrease in the non-high street shops was due to the lease with Media Markt we renewed for a retail park in Castellón de la Plana in Spain. The market rent had fallen sharply in this retail part in recent years, so that when the lease was renewed it was brought in line with the market rent and lowered by approx. 34% or € 300,000.

We have put Corporate Social Responsibility on the map this year and I would like to briefly set out the steps we have taken over the past year. Improving the liveability and the safety of historic city centres is a key objective in our CSR policy. By creating residential space above shops, we endeavour to do our bit. Last year, we have made good progress in a number of locations: in Maastricht on Grote Staat; on P.C. Hooftstraat in Amsterdam and in Utrecht op de Vinkenburgerstraat we are creating apartments. Also, in these renovations and refurbishments, we are only using durable materials. That is one of the aims we had set ourselves for 2015, and which we will hang on to in the future. Another objective I would like to highlight is the increase of the number of leases that we conclude that have a green clause. In doing so, we are trying to create awareness of corporate social responsibility among our tenants. For 2016, we have expanded the green clause with an ethical clause which covers international rules and standards of conduct, child labour and animal welfare. We will include this clause in the standard leases.

In total, we had formulated ten objectives which we subdivided into three categories: reducing our negative impact on the environment, improving the health and welfare of our employees, and making a positive contribution to society. For an extensive report on the results of our objectives, I refer to the CSR chapter in our annual report, which also lists the 2016 objectives. Reinier Walta (CFO) will now discuss the financial results.

Mr Kolff: At this time the number of shares represented in the meeting is 9,637,235 or approx. 50%.

Mr Walta: Thank you, Taco and Wouter. The slide behind me shows the financial key figures for 2015. The direct result was € 2.58 per share and the indirect result was € 0.86 per share. Furthermore, we managed to keep the loan-to-value at 41.5%, in the desired of between 40% and 45%. We believe this is a range that is in keeping with realising more predictable and stable results. The next slide is the development of the direct result in 2015.

The indirect result increased by € 0.14 million compared to 2014. While the divestments of non-strategic assets reduced the rental income by € 0.40 per share, this was amply offset by additional rental income from acquisitions in premium cities which caused an increase of € 0.30 and a decrease of the financing costs.

The like-for-like gross rent growth of the greater part of the portfolio, the premium city high street shops, was 1.8% positive. The division between popular and less popular retail destinations is visible here, too. In certain locations in the high street and non-high street the rents are under pressure, so that these two categories showed a negative like-for-like gross rent growth.

The rent growth we realised on new leases concluded for new premium city high street shops is only partly included in the like-for-like gross rent growth, because some of the leases concluded did not or will not take effect until the end of 2015 or even this year. And there were some leases that have been renewed, but that will not take effect until 2016.

The portfolio grew from € 1.5 billion to € 1.6 billion due to the net acquisitions and value increases of the premium city high street shops. The quality of the portfolio improved sharply last year as a result of the acquisitions and divestments made. Due to the quality improvement, we saw that the value increase of the premium city high street shops of over € 50 million amply offset the decrease in the other two categories, so that the total portfolio increased by € 25 million in value.

This slide shows some important key figures related to financing. As you see, we have succeeded in sharply reducing the average interest rate at year-end 2015 from 3.5% to 2.7%. The share of non-bank loans, which comprises private placements with Pricoa and Axa and the convertible bond loan, was 44.6%, well above the 25% limit we had set ourselves. By spreading our financiers, we have become less dependent on bank financing. We have complied with all loan covenants with our financiers.

People have asked us whether we should fix our interest rates more, now the interest rates are so low. We now have 2/3 fixed and 1/3 floating rate. Because we are in the last phase of the transition, and we are still selling property, we feel it is very important to retain flexibility regarding the timing of acquisitions and divestments.

Finally, let me comment on the dividend proposal. Our dividend policy is to distributed at least 75% of our direct result as dividend. We have chosen to propose a dividend for 2015 of € 2.05 per share. This is 5 cents more than last year, and in fact 79% of the direct result, which was € 2.58.

On 22 April, the share will trade ex dividend and after approval from this meeting, the Annual General Meeting of shareholders, the final dividend of € 1.31 per share will be made payable on Friday 13 May.

Now I return the floor to Taco, who will discuss the prospects for this year.

Mr De Groot: So a brief recap: 2015 was a good year for Vastned, in which we made good progress with positive results on the premium city high street shops. Furthermore, we saw a clear polarisation between retailers and also between the different high streets. We expect this development to continue in 2016.

One subject we have not yet come to, is our portfolio in Istanbul. This portfolio is fully occupied and the retailers are happy with their sales. The geopolitical situation in Turkey is a serious issue for us. In recent years, we already decided not to expand further in Istanbul, and earlier this year we have said that we are considering all options. The sale of the portfolio in Istanbul is one of these options. Last year, we have had various discussions with potential buyers. But they decided not to invest in Turkey at this time. We will continue to look at every option. The properties are in a good state, the tenants are satisfied and sales continue to rise, in spite of the fact that tourism in Istanbul has taken a considerable hit.

We will also continue to focus on expanding the premium city high street shop portfolio and on selling non-strategic assets. We do not know precisely when these acquisitions and divestments will take place. The timing is very hard to predict, but it will affect the direct result for 2016. Against this background, the effects of the developments in the area of retail in the past year and expected for the years ahead, we issue a range for our prediction of the direct result for 2016. We expect it to be between € 2.30 and € 2.40 per share.

Our objective is to invest 75% of the portfolio in premium city high street shops. At year-end 2015, this was 68%, so you will probably be wondering: What is going to happen after that? When we reach this milestone, of course we will publish a strategy update. Rest assured that we will remain focused on the quality of the portfolio and on growth of the premium city high street shop portfolio. Thank you for your attention. Do you have any questions?

Mr Diaz, VEB[1]: First of all, thank you for your comments on 2015 and my compliments for the annual report; it was clear, very readable and informative. My first question relates to the long-term return. Vastned has focused on premium city high streets. Last year we spoke of the effects this has on returns. The strategy is to lead to predictable and more stable results, but the risk profile is also falling, which reduces the results. We are now seeing low interest rates, which is pushing up prices. The results are good now, partly because of the low interest because the financing costs are low. But when the interest rate goes up again, how will Vastned then make the results stable and predictable but at the same time remain attractive to shareholders?

Mr De Groot: I can tell you that in the return on property we focus on total return. And by pragmatically expanding the portfolio step by step in the premium city high street shop segment results do get predictable and stable. We have proved that over the past years. And they are also very attractive.

Mr Diaz: The purchase price is fixed and the financing costs are fixed, because they are related to the interest rate. When I look at the annual accounts in the scenario analysis, if the interest rate goes up 100 basis points, that directly affects the result.

Mr De Groot: We don't know how the property market would react to that. It remains speculation. But I understand your question. Are we not buying at prices that are too high? We have looked at opportunities worth € 3 billion and acquired properties for € 168 million. We are very selective in our acquisitions. We do not buy simply in order to grow, we haven't given ourselves and easy ride and we are not going to. We weigh every chance we see very carefully, and it has to have upward potential. There has to be more to it than spending the shareholders' money and saying: see, we have bought another property. We have been able to realise these results by being highly selective and by operating cleverly, so that we don't make mistakes in acquisitions, . And we will keep doing this.

Mr Diaz: My next question is about the SWOT analysis. I have compared it to last years', and under 'weaknesses' I found a new element: the available financial room for making major acquisitions. I would like a further explanation on this, because I don't quite understand it. When you look at the balance sheet, it is strong. The solvency rate allows for attracting loan capital. There is an unused facility of nearly € 100 million. And we are later going to vote on the possibility of issuing new shares. So why wouldn't there be room for making major acquisitions?

Mr De Groot: I think this is to do which one's definition of 'major'. I think € 50 million is already quite major, but this refers to transactions like the one between Mr Rozenbaum and Syntrus Achmea in the Netherlands, which fell through. That was a € 1 billion transaction. We wouldn't be able to make that kind of acquisition.

[1] Vereniging van effectenbezitters.

Of course we still have room in our financing sources, but we have set ourselves the restriction, also in view of this stability and predictability, of an LTV of no more than 45%. We also don't want to expose the current shareholders to dilution, so we are limited in making major transactions, such as a € 1 billion acquisition.

Mr Diaz: So you see the LTV ratio as the main obstacle. I have another question about this. With the new strategy, the company's risk profile is reduced. If you want to keep the total risk profile at the same level, you might take more risk in relation to attracting loan capital.

Mr De Groot: Opinions differ on this. In Continental Europe 45% LTV is already deemed to be conservative. In America and England that is considered aggressive and 25-35% is considered conservative. It is a matter of perspective. Vastned's perspective is very clear: namely that at this time 45% LTV is the limit.

Mr Diaz: I have some more questions, but I want also to give the other shareholders the opportunity to ask questions. At Mr Kolff's request, Mr Diaz continued. I have another question about the roll-out of the strategy. At least 75% of the portfolio is to be high street premium city. I wonder what this rate is based on. And isn't non-high street also important to improve the result a little? Because it has a higher risk profile and therefore perhaps a higher return?

Mr De Groot: Over the past four years, we have raised the bar a number of times already. Four years ago we started the strategy focusing purely on high street locations. We then set the share at 65%. Two years later we had achieved that, and we raised the bar to 75%. We also stipulated that it was not only to be 75% high street shops, but the properties also had to be in premium cities. So that strategy is now two years old. We are now at 68% and we are moving towards the 75% referred to step by step. It may be arbitrary whether it is going to be 70, 75 or 80%. The reason why we retain a share of other properties is because of the Belgian 'Baanwinkels' or the very successful Mango in Eindhoven. We will keep those, and that is approx. 25% of the portfolio. So that's where the 75% comes from and again, when we are getting close to this 75%, and that would be something of a milestone, we will tell the shareholders and the market what we are going to do next.

Mr Van Oirschot: I hear and read that Istanbul is uncertain in geopolitical terms. I would like to ask more concrete questions about this. Is Istanbul outside the strategic focus?

Mr De Groot: No, because we have a very good portfolio there and we are very happy with it. On the other hand, we do read the newspapers and we see on the news what is going on. If you look at the Istanbul high streets where we are, there are lots of people in the shops and sales are high - better than two years ago. The flagship stores are performing very well. At the present time there is nothing else we can do than look after the properties well and ensure that nothing untoward happens, as far as we can help it. We have not made any acquisitions in the past few years in Istanbul.

Mr Van Oirschot: You mentioned earlier that the loans are 2/3rds fixed interest. I can imagine that the last 1/3rd would be fixed too. Can you realise flexibility in other ways too? Can you tell us anything about the interest expenses in 2016?

Mr Walta: We have had a significant fall in 2015, also because we have taken steps with swap settlements and buying new swaps. We don't expect major decreases in 2016. Especially because we still have a part fixed-interest in the portfolio. The Pricoa loans were taken out in 2012 and are relatively expensive, remain in the portfolio, and they push up the average interest rate. They will end in 2017 through 2020. So I don't expect a spectacular fall in the average interest rate in 2016.

Mr Bakker: Firstly my compliments for the clear explanations from the Executive Board and also from the Supervisory Board. My first question is to Mr De Groot, about the V&D in Amsterdam-Noord. You have stated that this property will be filled with new tenants relatively soon, but that you don't expect to get any rental income this year. But what about the rent level, is this at the level of V&D before it went bankrupt?

Mr De Groot: The loss of V&D to our rental income was almost € 1 million, but the benefit is that the average rent at which V&D leased was not especially high. So yes, it costs us money, we miss a year's rent and we have to invest in order to attract new tenants, and we will end up marginally below that level.

Mr Bakker: And the quality of the intended tenants?

Mr De Groot: At present there are three tenants who do not want us to reveal their names at this time. But they are tenants with very healthy balance sheets.

Mr Bakker: I have a question for Mr Walta about the share price. I have noticed that the share price of Vastned Retail Belgium is often just above net asset value and Vastned Retail is just below. Have your banks or your advisers ever looked into this, because this is Europe, after all.

Mr Walta: We have indeed looked at this ourselves, but we can only guess at the reason. We do know that public property companies in Belgium generally trade above net asset value and in the Netherlands above and below. We don't know the reason behind it, but we have noticed this.

Mr Bakker: One more question about Vastned Retail Belgium Belgium. In the presentation you stated that an independent board of management is going to be appointed there. So that is to say that the boards of both Intervest Offices and Intervest Retail used to manage both companies?

Mr De Groot: Correct. That was the case even before I joined Vastned. There used to be two funds, Vastned Offices and Vastned Retail, both listed. Above those was Vastned Management, which was responsible for both. That same situation was in place in Belgium. Intervest Offices and Warehouses and Vastned Retail Belgium (we implemented a name change). Both funds will now have dedicated management. In the present situation CEO Jean-Paul Sols has to divide his time between Retail and Offices. The retail market is to all intents and purposes a different market than the office market, so we and the investors are happy that there is now dedicated management which can devote itself 100% to the fund. The shareholders have also changed.

Mr Bakker: Is it correct that when you look up Vastned on Google, you still get references to Vastned Offices? I find it strange that this cannot be solved. When you go to your website and choose investor relations, it all becomes clear, though.

Mr De Groot: That could perhaps be, we will make a note of it. We'll look into it.

Mr Diaz: I have a question on rent prices. In the course of the V&D bankruptcy, we have seen that there was talk of possible rent reductions. Are there more tenants coming with such proposals? If so, how does Vastned deal with that? And are the rent prices a fixed amount per month or are there deals in place to link rents to sales?

Mr De Groot: V&D was an unique case, although it ultimately failed, in that property owners joined together just over a year ago. They provided a 40% rent reduction, which did not directly benefit V&D. If it had, the property owners would not have done this, and the 40% would have been returned to the owners. Currently, such measures are not necessary to keep tenants onside. Except in the specific example I gave, which was Media Markt in Spain.

Mr Diaz: And my other question, about how the rent is paid?

Mr De Groot: That differs per country. Dutch retailers are loath to disclose their sales figures in view of competition. In Spain it is far more usual. We have a few leases here and there that stipulate turnover rent, but always on top of a fixed annual rent per square metre. So throughout our portfolio you will find properties with a rent price, but sometimes with part of the turnover on top of that. It is a surcharge, never a discount.

Mr Geerts: I have a question for the Executive Board. To what extent is the Internet and everything to do with that, something that Vastned is actively involved with in order to help the tenants? Or do you just leave the tenants to their own devices in this respect? I ask this for example in comparison to the owners of shopping centres, which often have small tenants who can use a bit of assistance.

Mr De Groot: That is a very good question. When I became CEO, we offered this as a kind of tool to smaller tenants, but there was no take-up at all. Due to the quality of the portfolio at present, all the tenants have their own platforms and don't need our assistance anymore. I do think you have a very good point, because even today there are still retailers that don't have any kind of presence on the Internet. That puts you in a very difficult position. Currently, we are not offering such services.

Mr Cats: I would like to know why you expect a slightly lower return for 2016.

Mr De Groot: Last year, we had to increase our forecast for the direct result twice. The reason was that I was less positive about the chance of survival of V&D and a number of other tenants and as the Executive Board, we had expected more bankruptcies.

Mr Kolff: Let us move on to the 2015 remuneration report. I would like to give the floor to the chair of the remuneration and nomination committee, Marieke Bax.

ITEM 3 REMUNERATION REPORT FOR THE 2015 FINANCIAL YEAR

Ms Bax: Last year during the AGM an entirely new remuneration policy for the Executive Board was put to you and approved; it took effect as of 1 January 2015. The policy was the result of an extensive investigation carried out over a whole year. Key principles of the policy are: we found that the policy is clear and transparent; I hope that it was also formulated as such in this year's annual report. The remuneration was to be in line with Vastned's strategy and we wanted it to be 'Best in Class'. We are not the biggest fund, but we do have the ambition to follow the newest (international) corporate governance insights. We review it every year, by the way. And finally, the interests of the Executive Board must be in line with the interests of the shareholders.
In conformity with this remuneration policy, the Executive Board received the remuneration in 2015 that you see on the slide. The total remuneration of the Executive Board for 2015 comprises a fixed remuneration, pension and a variable remuneration component. The variable part of the remuneration is limited to 100% of the fixed remuneration (excluding pension) of the Executive Board and subdivided into 40% short-term incentive (or STI) and 60% long-term incentive (or LTI).
For the variable short-term incentive for 2015, clear and ambitious targets have been formulated, which stipulate

a threshold that must be realised before the Board is eligible for a short-term incentive payment. Every target realised maximally in principle entitles the director to 25% of the short-term remuneration. At the same time, the remuneration is maximised. Three shared quantitative targets have been set for the realisation of the short-term incentive for the CEO and CFO:

1) raising the share of premium city high street shops to 65% of the total portfolio. At year-end 2014, the share of PCHSS was 60%. The lower threshold for awarding a short-term incentive was 63% and the upper threshold was 67%. The Executive Board performed maximally on this: at year-end 2015 the share of premium city high street shops was 68%.
2) The second target was realising a like-for-like rent growth in premium city high street shops of 2%. The lower threshold for awarding a short-term incentive was 1% and the upper threshold was 3%. The like-for-like rent growth in this segment was 1.8% for 2015, the Board therefore realised 19% of a possible 25%.
3) The third quantitative target that we formulated was acquiring € 100 million in premium city high street shops. The lower threshold for awarding was € 80 million and the upper threshold was € 120 million. The Board also performed maximally on this element: at year-end 2015 acquisitions worth € 164 million had been made.

Deloitte has verified the actual realisation of these targets for us.

The fourth qualitative STI target for the CEO Taco de Groot consisted of two sub-targets. These comprised of two parts: one, the further quality improvement within the organisation with emphasis on commercial focus; this was realised in full, inter alia by appointing Alica van der Duin as commercial director. And two: strategic divestments, which have not yet been full realised. As we have promised you: we render account afterwards. But since this is a work in progress, we will not disclose any details at this point. And we will not award a percentage yet. Therefore, for this fourth qualitative STI target we have awarded 12.5% of the maximum possible 25%.

The fourth qualitative STI target for the CFO, Reinier Walta, concerned drawing up and implementing a risk and control framework within the Vastned organisation: this target was realised in full, so that the full 25% has been awarded. This was in fact done in consultation with the chairman of the audit & compliance committee à audit & compliance committee.

The variable long-term incentive (or LTI) in the present remuneration is maximum of 60% of the fixed remuneration and each time covers a three-year period. The LTI scheme has the following three components:
1. A Relative Total Shareholder Return test weighted 50%,
2. An Absolute Total Shareholder Return weighted 30%, and
3. A Business Health test weighted 20%

Realisation of LTI 2015

The 2015 financial year is the first year of the three-year period over which the LTI for 2015 is determined. Based on the position at year-end 2015, no LTI linked to RTSR is payable, as Vastned finished ninth in the ranking of 13, only from place 6 this LTI-element leads to realization. Based on the position as at year-end 2015, no ATSR is payable and the degree to which the Business Health test has been realised cannot yet be determined. In view of the above, no LTI for 2015 was included in the 2015 annual accounts. As a result, the degree to which an LTI for 2015 will be awarded cannot be determined until after the end of 2017.

Shareownership guidelines

I must not forget to mention that the LTI payment must first be used to comply with shareownership guidelines.

For Taco de Groot, this has been set at 3x his fixed component and for Reinier Walta at 1.5 times. Taco de Groot fully fulfils this obligation, because his shareholding is currently nearly 5x his fixed component. Reinier Walta does not meet this guidelines yet, he will use his short-term incentive for this year to buy Vastned shares. When we look ahead to 2016, the remuneration and appointment committee will further devote attention to the Business Health test and flesh it out; we are thinking about issues like CSR, employee satisfaction and feedback from analysts and shareholders. In addition, of course, to the impact of the STI targets over a period of three years.

I will now comment on the assessment of the performance of the members of the Executive Board which is closely linked to the remuneration. In May 2015 the separate remuneration and nomination committees were joined into one remuneration and nomination committee. The main reason for this was that the activities of both committees can now be performed more effectively and efficiently. Main sources for this were the externally executed investor survey on Vastned and the Executive Board and discussions with the external auditor and the chairman of the audit and compliance committee. Our ambition is to further broaden the input for the review in 2016.

In summary, we believe that last year, the Executive Board has once again made important progress in the execution of the strategy and we are very grateful for their efforts. I would now like to give you the opportunity to ask questions on the remuneration report.

Mr Kolff: I would now like to move on to the trial vote. The trial vote was successfully completed. Let us now move on to the three agenda items related to the Annual Report, the dividend policy and the dividend for the 2015 financial year.

ITEM 4 PROPOSAL TO ADOPT THE ANNUAL ACCOUNTS FOR THE 2015 FINANCIAL YEAR (RESOLUTION)

Mr Kolff: Let us move on to the annual accounts of Vastned Retail N.V. for 2015. The Supervisory Board proposes to the Annual General Meeting of shareholders to adopt Vastned's annual accounts for the 2015 financial year. At this agenda item, before casting their vote, shareholders are given the opportunity to put questions to the Executive Board about the item and to the external auditor regarding its audit activities and his opinion on the annual accounts. Are there any such questions?

Mr Diaz: I have a question on this item. When I studied the annual accounts, I came across the convertible bond loan. And in particular that the conversion price was reduced as a result of the dividend distribution. I tried to find what the basis for this was exactly and checked the press release when the bond was issued. But I haven't really been able to trace it. Could you explain how this loan works?

Mr Walta: There is condition in this convertible bond loan regarding "dividend protection", this is a common condition in this situation. Simplified, the conversion rate will be adjusted when we exceed the distribution of a certain level of dividend. You will see that after the interim dividend distribution the conversion rate will be adjusted. If an adjustment is made, we will bring out a press release.

Mr Diaz: So if I understand it correct, the decision as to convert or not is not Vastned's?

Mr Walta: No, that choice is for the investors to make. Vastned's choice to convert is whether we distribute in cash or issue shares.

Mr Diaz: I have a question for the external auditor. I wonder if you would give a qualitative view on the estimating

method used in the annual accounts with respect to the valuation of the assets. And what your qualitative assessment would be, in terms of conservative, realistic or aggressive.
Mr Sonneveldt (Deloitte): The valuation of the property is of course an important component of our audit. What we do as auditors is that we look at how the process of valuation has been effected. That is now also set out in the key points of our auditor's report that is included in the annual report. If you look at the how Vastned has dealt with the process, with its appointment of professional appraisers, we also look at whether these professionals have done their jobs well. In that, we work closely with a number of property experts that are also employed by our company. All in all, I think we do not give a qualitative opinion, but simply whether Vastned uses the real appraised values, to the extent this is objectively possible.

Mr Kolff: If there are no more questions, please cast your vote now. The voting results are as follows: 9,632,683 votes in favour, 60 against and 4,392 abstentions, so the resolution is adopted.

ITEM 5 COMMENTS ON THE RESERVATION AND DIVIDEND POLICY

Mr Kolff: The Annual General Meeting of 19 April 2013 adopted the present dividend policy, which is to distribute a dividend of at least 75% of the direct result per share. In principle, no stock dividend will be distributed, but this is dependent on any dilution of the investment result, net asset value, the company's capital position, and the financing market. The dividend policy prevents share dilution due to the distribution of stock dividend. Distribution of an interim dividend of 60% of the direct result per share for the first six months will continue.

ITEM 6 DIVIDEND DECLARATION FOR THE 2015 FINANCIAL YEAR (RESOLUTION)

Mr Kolff: We will now move on to item 6 on the agenda, a resolution to declare the dividend for the 2015 financial year. It is proposed to the Annual General Meeting of shareholders to declare a total dividend of € 2.05 per share for the 2015 financial year. After deduction of the interim dividend of € 0.74 per share that was paid out in September 2015, the final dividend will be € 1.31 per share. The final dividend for the 2015 financial year will be made payable on 13 May 2016. It is proposed to the general meeting of shareholders to grant the members of the Executive Board discharge from liability for the performance of their duties during the 2015 financial year. Let us proceed with the vote.The voting results are as follows: 9,637,075 votes in favour, 60 against and no abstentions, so the resolution is adopted.

ITEM 7 PROPOSAL TO GRANT DISCHARGE TO THE MEMBERS OF THE BOARD OF MANAGEMENT FOR THE 2015 FINANCIAL YEAR (RESOLUTION)

Mr Kolff: It is proposed to the general meeting of shareholders to grant the members of the Board of Management to discharge from liability for the performance of their duties during the 2015 financial year. You may cast your vote now. The voting results are as follows: 9,595,593 votes in favour, 37,150 against and 4,392 abstentions, so the resolution is adopted.

ITEM 8 PROPOSAL TO GRANT DISCHARGE TO THE MEMBERS OF THE SUPERVISORY BOARD FOR THE 2015 FINANCIAL YEAR (RESOLUTION)

Mr Kolff: It is proposed to the general meeting of shareholders to grant the members of the Supervisory Board discharge from liability for the performance of their duties during the 2015 financial year. You may cast your vote now. The voting results are as follows: 9,595,533 votes in favour, 37,210 against and 4,392 abstentions, so the resolution is adopted.

Mr Kolff: We will now move on to the agenda item regarding the reappointment of Marieke Bax and the appointment of the external auditor. I will also inform you about the composition and the chairmanships within the Supervisory Board.

As you have been able to read, I stated during the Annual General Meeting of shareholders in 2014 that I would step down from the Supervisory Board of Vastned after this shareholders' meeting. Mr Marc van Gelder will take over my role as chairman of the Supervisory Board. With respect to the size of the Supervisory Board, for the past year it has temporarily consisted of five members in order to ensure a good transition. After this Annual General Meeting of shareholders the Supervisory Board will once again have four members, being Jeroen Hunfeld, Marieke Bax, Charlotte Insinger and Marc van Gelder as chairman. Subsequently various words of thanks are addressed to Wouter Kolff as chairman of the Supervisory Board.

ITEM 9 PROPOSAL TO REAPPOINT MS MARIEKE BAX AS A MEMBER OF THE SUPERVISORY BOARD FOR A FOUR-YEAR TERM (RESOLUTION)

Mr Kolff: Let us now move on to the next two voting items relating to appointments. In the meeting documents you have been able to read about Marieke Bax' expertise and the motives of the Supervisory Board to nominate her for reappointment.

Ms Bax brings in broad experience on supervisory boards of medium-sized and big listed companies and business experience as CFO and as an acquisitions specialist with an international branded consumer goods company. She also has legal knowledge and experience in corporate governance. Marieke Bax has fulfilled her position as a member of the Supervisory Board and chairman of the Vastned remuneration and nomination committee satisfactorily and contributed significantly to the decision-making on the Supervisory Board. We therefore recommend wholeheartedly that she be reappointed. We propose to the Annual General Meeting to reappoint Marieke Bax as a member of the Supervisory Board for a four-year term, ending on the Annual General Meeting of shareholders held in 2020. Are there any questions?

Mr Broenink: A question for Ms Bax; why do you want to go on for four years, and what are you going to focus on during your term?

Marieke Bax: I think that is a very apposite question, because reappointment is not automatic. In the United Kingdom people are actually reappointed only for one year. We do this once every four years. That forces you to take a critical look at your own performance and my possible added value. I hope I can provide added value in the further roll-out of the strategy with my knowledge of international consumer markets and of brands.
I have been CFO of an e-commerce company, and I am deeply involved in innovation. Also, I hope to be able to contribute as chairman in the area of corporate governance and communication with stakeholders. So why did I put myself forward for reappointment? Mainly due to my great appreciation of this team, Taco and Reinier, and the supervisory directors. We work based on a great deal of respect for each other's abilities. And because of that, I have made myself available for re-election. But at the end of the day, it is up to you as shareholders.

Mr Kolff: you may now cast your vote. The voting results are as follows: 9,629,168 votes in favour, 7,967 against and no abstentions, so the resolution is adopted. Marieke, congratulations on your reappointment.

ITEM 10 PROPOSAL TO APPOINT ERNST & YOUNG ACCOUNTANTS LLP AS EXTERNAL AUDITOR OF THE COMPANY FOR A PERIOD OF FOUR YEARS (RESOLUTION)

Mr Kolff: Let us move on to the agenda item 10. The proposal to appoint Ernst & Young Accountants LLP ('EY Accountants' or 'EY') as external auditor of the Company for a period of four years. I would like to give an explanation at this item.

In early 2015, in anticipation of the enactment of the new auditor law, the audit and compliance committee and the Executive Board resolved to select and nominate a new external auditor as of 2016 for appointment by the AGM. In spite of the fact that the statutory obligation to rotate the auditor as of 2016 has been lifted, the audit and compliance committee believes that changing the external auditor as of 2016 is a good thing. This is because preparations for the selection process in 2015 had already progressed a great deal, and after many years it is advisable for a different auditor with different views to look at the organisation and challenge it in different ways. In order to arrive at a well-considered nomination, a selection committee was set up, comprising of both members of the A&C committee, the CFO, the deputy director Finance & Control and the treasurer/manager budget & planning. After extensive deliberations by the selection committee, which assessed the firms to be invited inter alia on experience with auditing listed property companies, two 'Big Four' firms were invited to offer for the engagement. Both firms were asked to introduce two different teams. Then one team of both audit firms was invited, which went through the offer process.

The teams were asked to make an offer with focus on:
· the composition of the proposed audit team;
· the setup of the audit;
· experience with property companies;
· reputation and references;
· independence; and
·a fee proposal.

After a careful evaluation by the selection committee, EY Accountants was chosen. The selection committee believed that both the EY team and the team of the other audit firm were highly competent and able to carry out the audit of the company. Decisive factors for the eventual recommendation of EY were its consistently strong performance of the proposed team, the integrated audit setup, experience with auditing property companies, proactivity and the personal gelling with the team.

Let us now vote on this proposal. You may cast your vote now. The voting results are as follows: 9,637,075 votes in favour, 60 against and no abstentions. So the resolution is adopted. We congratulate EY Accountants with its appointment and look forward to our collaboration. We also thank Deloitte Accountants for its professional and excellent work over the past few years.

ITEM 11 PROPOSAL TO AUTHORISE THE EXECUTIVE BOARD TO ISSUE SHARES (RESOLUTION).

Mr Kolff: Now we move on to two voting items in the area of company law. First agenda item 11. The proposal to authorise the Executive Board to issue shares, grant rights to acquire shares and limit or restrict the pre-emptive right. You may cast your vote now.The voting results are as follows: 8,628,408 votes in favour, 1,008,727 against and no abstentions, so the resolution is adopted.

ITEM 12 PROPOSAL TO AUTHORISE THE EXECUTIVE BOARD TO PURCHASE THE COMPANY'S OWN SHARES (RESOLUTION).

Mr Kolff: Let us move on to the agenda item 12. The Proposal is put to the Annual General Meeting to authorise the Executive Board to purchase the company's own shares. You may cast your vote now. The voting results are as follows: 9,616,844 votes in favour, 20,291 against and no abstentions, so the resolution is adopted.

ITEM 13 ANY OTHER BUSINESS AND CLOSING

Mr Kolff: We have come to the past item on the agenda of this meeting, any other business and closing. I would like to give all present the opportunity to ask questions that have not been addressed so far, if any. Seeing as there are no more questions, I hereby close the meeting and thank you all for your presence. In particular, Mssrs Sonneveldt and Brinkhorst of Deloitte. In the hall next door drinks are served, and I hope that you will join us there.