

# MINUTES OF THE PROCEEDINGS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN VASTNED RETAIL N.V.

having its registered seat in Rotterdam, held on 24 April 2015 in the Rosarium, Amstelpark 1 in Amsterdam.

**Chairman:** Mr W.J. Kolff, chairman of the supervisory board of Vastned Retail N.V. ('Vastned' or the 'Company')

**Secretary:** Mr A.H.G. du Pont, managing director operations & investments at Vastned.

## ITEM 1 OPENING AND ANNOUNCEMENTS

**Mr Kolff:** good afternoon, ladies and gentlemen, welcome to Vastned's Annual General Meeting of Shareholders ('AGM') for the 2014 financial year. I hereby open the meeting. I note that the meeting is convened as prescribed by law and the articles of association of the company. The agenda with the items to be discussed and appendices have been available for inspection as of 13 March at the office of the company, at the office of ABN AMRO Bank N.V. and on the company website. I appoint Mr Du Pont as secretary of this meeting; Mr Magrijn (the company secretary) is indisposed.

**Mr Kolff:** I note that 10,196,705 shares are represented in the meeting. That equates to 53.56% of the total number of outstanding shares of 19,036,646. We have 19 agenda items for today's meeting, which are projected on the screen beside me.

If you have no further questions on the agenda and announcements, I will now move on to the second item on the agenda. I give the floor to our CEO, Mr Taco de Groot, to comment on the past financial year and give his views on the various developments as they affect Vastned. After Taco de Groot's comments, Vastned CFO Reinier Walta will discuss the effects these developments had on the 2014 financial results and the financing portfolio.

## ITEM 2 REPORT OF THE EXECUTIVE BOARD ON THE 2014 FINANCIAL YEAR

**Mr De Groot:** the slide here beside me shows the main objectives we have set ourselves. I will comment briefly on the first two, and CFO Mr Walta will later refer to the other two, financial, objectives.

In early 2014 Vastned updated its strategy and set itself the objective of raising the share of premium city high streets shops to 75% of the total portfolio. In 2014 we made good progress towards this target. At year-end 2013, the share of premium city high street shops was 46% and 60% at year-end 2014. Vastned achieved this by selling non-core property and acquiring property in premium cities including Amsterdam, Utrecht, Lyons, Antwerp and Ghent.

Progress was also made on further professionalising the organisation and on operating as an international team. Short and clear lines of communication ensure that we can act quickly and effectively.

Over the past year, the division between retailers who manage to adapt to the changing consumer behaviour and players who do not, has come into ever clearer focus. Especially in the Netherlands we find that retailers in the middle segment with obsolete formulas and too many outlets were struggling. We believe that will continue to be the case. They have overlooked the fact that consumers know exactly what they want. They have long stopped going to shops to just buy products. Retailers would be wise to invest in personnel and in their formulas and to evaluate which locations they want to retain. Fewer square metres, but higher quality shops in the best locations are the way to go.

Location is crucially important to retailers. They need the right shop in the right street in the right town, and even in the right part of that shopping street. Experience and extra service are also important, as is embracing mobile applications. 'What is the best way to reach my customer and make things as easy and comfortable as possible for them?' is what it's all about. I would now like to show you a few examples of innovative applications from retailers. We do that with a short film. Last week I spoke to a class of students, and I took the opportunity of asking them where they bought things. Just a few years ago, the consensus was that e-commerce would not overtake the physical shop, but these applications show that the physical shop is still very much alive and has a very exciting future.

As I said, location is more and more important to retailers. And our results in fact bear this out. Premium city high street shops showed positive results in what were still difficult market conditions in 2014. The premium city high street shops are virtually fully let, with an occupancy rate of 99.1%. We also realised positive like-for-like rent growth of approx. 3% and the value of the premium city high street shops rose by approx. 5%. The leases we concluded for premium city high street shops confirm our strategic choice for this asset class, as you can see on the slide. There is a clear division between premium city high street shops and non-high street shops, of which we see evidence almost daily. In negotiations, whether a property is in Joure (Friesland) or on Leidsestraat in Amsterdam makes a world of difference. I would like to mention a few highlights. The first is the rise of the occupancy for the entire portfolio in the Netherlands. Not just for the premium city high street shops, but also in non-high street and high street. A real achievement in the Dutch retail landscape, with an 92.5% average occupancy rate.

In France, there has been extensive circulation in the property portfolio. Vastned sold a total of € 45.5 million in non-core property, including retail warehouses, apartments and high street shops in smaller French towns and villages. I will come back to this later. In this morning's press release we announced a new divestment. We will continue to improve the focus in our French operations.

At the start of last year, we successfully completed the sale of seven shopping centres/galleries and a retail park in Spain. We are still satisfied with the sale, and will now concentrate on expanding the portfolios in premium cities like Madrid and Barcelona.

Vastned has improved the quality of the portfolio through € 103 million in investments in cities like Amsterdam, Lyons and Ghent, where things are happening - where young ambitious people come to work, where companies set up business, which are popular with tourists, where students want to go to university and where retailers open their latest shops. They are all full of energy, and popular with consumers, which is why retailers want to have outlets there. And that is what makes our work so fascinating.

Because as entrepreneurs we act quickly and decisively, we often beat other parties to the table. That is where we can outsmart larger, institutional investors. One example was the acquisition of Heiligeweg in Amsterdam, leased to El Ganso.

A key part of our acquisition strategy is to form clusters in these premium cities. This provides clarity and focus for tenants, employees and other property owners, but also towards other parties, like municipalities and shopkeepers' associations. Clusters contribute to our premium city high street profile, create opportunities for rent optimisation. One example is our property on P.C. Hooftstraat in Amsterdam. Just two years ago, we had no properties there, now we own seven wonderful shops. This morning, we announced the acquisition of P.C. Hooftstraat 35. We have also had discussions with the Municipality of Amsterdam; after the renovations, the Municipality will tackle the street itself.

In addition to acquisitions, divestments have also contributed significantly to the improved quality of the property portfolio. Early last year we successfully completed the sale of the Spanish shopping centres/galleries. Vastned also sold large portfolios in France and Belgium and various properties in smaller cities in the Netherlands. In France, this has already improved the portfolio to 81% premium city high street shops.

We buy and sell frequently, but managing a portfolio is a dynamic process. We are always on the lookout to create and exploit opportunities in the existing property portfolio. A good example of this, is the renovation of Leidsestraat 64-66 in Amsterdam. What we did there, was add retail space on the first floor. The historic building is now being returned to its original state, making use of sustainable materials. This has allowed us to increase the rent from € 130k to € 430k. The new tenant is Ted Baker, opening its first shop in the Netherlands. Our approach has helped to improve the attractiveness of Leidsestraat, which benefits Vastned's other units and tenants on Leidsestraat. Ted Baker had been looking for a place for five years; we listened to their wishes and were able to offer them a good transaction.

Another example of proactiveness and rent optimisation is the realisation of five studios for young professionals on Oudegracht 124-128 in Utrecht. This provides additional rental income, and creating residential housing improves the liveability and safety of the city centre. The retailer is delighted with the letting of the upper floors, as are the Municipality and we, as owners. This refurbishment work was also accomplished with sustainable materials.

### **Corporate Social Responsibility ('CSR')**

**Mr De Groot:** Vastned attaches great value to corporate social responsibility. So far, Vastned had not formally laid down its policy in this area. In this annual report we have described it in more detail. Vastned will focus especially on refurbishment and on making its own operations more sustainable. This is because properties are usually leased as a shell, and we do not do project development. It also makes Vastned hard to compare with other property parties. In refurbishments, Vastned makes use of sustainable materials and where expedient and possible, energy-saving measures are taken. For listed monumental buildings, however, this is not always permitted. By creating residential space above shops, we also enhance the liveability and safety of the city, as you saw on the previous slide. Our properties in the heart of city centres, which make up the core of our strategy, are often many centuries old. They are therefore sustainable by nature; there are no shopping centres that old. To clarify our CSR activities, we have formulated a number of objectives and drawn up a CSR policy, both of which you can read on our website and in the annual report. I now give the floor to Reinier Walta, who will comment on the financial results.

### **Comments on the financial results**

**Mr Walta:** Looking back on 2014, we can say that we are satisfied with the results we have achieved. 2014 was an important year in which Vastned went through a major transition. Big steps have been made on further improving the quality of the property portfolio. These included the sale of non-core higher yielding but also more risky property, and acquisitions of premium city high street shops with a lower yield but also considerably lower

risk. The improved quality of the portfolio has rendered the results more stable and predictable.

The direct investment result in 2014 was € 46.5 million, or € 2.44 per share. This was 9 eurocents above the figure of € 2.35 per share given in the Q3 trading update, which was due to a non-recurring income from a dispute with the Belgian Tax and Customs Authority, which Vastned won at the end of December.

The like-for-like gross rent growth in 2014 was 0.7% for the full portfolio. Premium city high street shops showed positive like-for-like rent growth in all markets. High street shops and non-high street shops showed diverging results. The only real outlier was the 21% decrease in non-high street in France. This is to do with the two shopping centres in Limoges that are struggling. Be advised that they make up less than 1% of the total portfolio. These results confirm our strategic choice for premium city high street shops.

At year-end 2014, the total portfolio was € 1.5 billion. Premium city high street shops realised a value increase of over 5%, raising the value of the portfolio with an average 0.3% over 2014. High street and non-high street decreased in value by 5.5% and 5.1% respectively. These results, too, we feel confirm our strategic choice for premium city high street shops. The result for 2014 was substantially higher than in 2013, at € 31.7 million positive. The property portfolio shrank because Vastned sold more than it bought over the past year, which necessarily lowered the rental income.

Over the past year, Vastned managed to reduce its financing and operating costs sharply. The indirect result, although still negative, showed a sharp increase compared to 2013. With respect to its financing, Vastned last year made strong progress on simplifying and diversifying the company's loans. Vastned concluded a € 110 million convertible loan at a competitive floating rate and a € 75 million private placement with AXA REIM. These loans substantially reduced the share of bank loans, and ensured that the target of at least 25% in non-bank loans was realised. At year-end 2014, the share of non-bank loans was 49%. Vastned furthermore agreed a € 300 million Revolving Credit Facility with a syndicate of five banks. Part of this loan was used to repay bilateral loans with various banks. And this Revolving Credit Facility improved the spreading of the loan portfolio over banks. The average interest rate was 4.1% in 2014, a slight improvement on the year before. But as at 31 December 2014 the average interest had fallen further to 3.5%. The fixed-interest part of the long-term loans is 73% of the total loan portfolio, in line with the strategy of two thirds fixed and one third floating interest on the loan portfolio. In addition, Vastned has approx. € 150 million in unused credit facilities, and its loan-to-value ratio is 40.3%, well below the 45% ceiling Vastned has set itself. As a result, Vastned has some € 100 million available for acquisitions.

Vastned proposes to declare a dividend for 2014 of € 2.00 per share in cash. This equals 82% of the direct result and thus complies with Vastned's dividend policy of distributing at least 75%. The share will quote ex dividend on 28 April and the final dividend of € 1.27 per share will be made payable on Friday 15 May 2015. I now give the floor back to Taco de Groot, who will discuss the outlook for 2015.

**Mr De Groot:** Thank you, Reinier, for your comments on the financial results. For 2015 we expect a direct result in the range we indicated at the start of last year: between € 2.10 and € 2.30 per share. A number of analysts and shareholders have told us that they felt it was on the conservative side. Be reminded, however, that the portfolio has shrunk due to the fact that we have sold more than we have bought, acquisitions were against lower initial yields and that Vastned is still in a transition phase. Vastned will continue to buy and sell actively. However, the timing of acquisition and sales is vital for the direction of the direct result. For example, when the sales all take place at the end of the year, this has great impact on the 2015 result.

In conclusion, I would like to thank my colleagues for their dedication over the past year. And I would like to thank our shareholders for the trust they have placed in Vastned. Lastly, I would like to thank the Supervisory

Board for being such an excellent sparring partner to me over the past year. This year, we will again do our utmost to achieve a good result and to make further steps on the premium city high street strategy. If you have any questions, I would be happy to answer them now.

**Mr Diaz (VEB):** I have a number of questions relating to Vastned Retail's strategy. The strategy is focused on high streets, especially premium cities. With the rollout of the strategy, we see that non-high street are sold and acquisitions are made in premium cities. Divestments have outstripped acquisitions, and so we see an overall decline of the property portfolio. I would like to know what the future trend is. Will the size of the portfolio continue to fall, and what effects does this have on Vastned's investment focus Could you give us an idea?

**Mr De Groot:** It's correct that three and a half years ago we made a clear choice for a new strategy, which is aimed at quality. Our figures show that we have made the right choice; we have realised value growth in that segment. To achieve this, we have sold lesser quality property with higher risk profiles. As I have mentioned before, we have made major divestments in Spain. I have discussed our activities in the French portfolio. And in Belgium last year we also sold smaller properties of over € 40 million in total. So we have carried out a flurry of sales, but even so, plenty of work remains to be done in Belgium and the Netherlands. It is our intention to make more acquisitions on balance next year.

Coming to economies of scale: in the past our French property portfolio was scattered, which was highly management-intensive. It also meant significant costs and a higher risk profile. The portfolio has now been pared down, and the team reduced. So clearly, focusing on a limited number of cities and streets within them yields economies of scale.

**Mr Diaz (VEB):** Looking at the SWOT analysis in the annual report, I feel one weakness is the size of the property portfolio in relation to the stock exchange listing. Could you comment on that?

**Mr De Groot:** It's expensive to have a listing, maybe around a million euros. In the SWOT these costs are considered in relation to the value of the portfolio and we think the current size is close to a threshold level.

**Mr Diaz (VEB):** So if the Vastned portfolio should shrink further, a listing might not be attractive anymore?

**Mr De Groot:** I didn't say that and that is not at issue. What I said, was that our strategy is focused on quality, not on quantity. There are plenty of examples of companies that focused on growth too much and came to grief. Because you have to be able to manage that growth. Some years ago we decided to sell high-risk property and focus on higher quality property, like for instance on Leidsestraat in Amsterdam and Rue de Rivoli in Paris. The figures bear out that we made the right choice, and confirm they are the locations where retailers wish to have a presence.

**Mr Diaz (VEB):** I have another question about the size of the property portfolio. Another aspect of a smaller property portfolio is that you are more vulnerable to a possible takeover. In the past we have seen there was interest in taking over Vastned. What is Vastned's view on this now?

**Mr De Groot:** The period you are referring to was before my time. The company belongs to the shareholders and if tomorrow someone feels that the company is worth more than the share price, I'll be happy to drink a cup of coffee with them and listen to their arguments. We don't have any transfer restrictions in place that could prevent a takeover. The company belongs to the shareholders and the shareholders decide this matter. There is currently no interest.

**Mr Diaz (VEB):** The focus is on high streets, good locations in city centres. Is it at all possible to grow in that segment?

**Mr De Groot:** That's what some investors asked me three and a half years ago. They believed we wouldn't be able to acquire enough high street shops because it's a market of private investors. But we have the knowledge and know-how to make these kinds of acquisitions. The cluster we have formed on P.C. Hoofstraat in Amsterdam shows clearly that it is possible to build up a position in a location that's highly sought after. However, it's true that over the past twelve months especially this segment of the property sector is increasingly in demand. I don't see this as a problem so much as a recognition of our strategy. I think it's great that there is a listed fund that is open to anyone wishing to invest in this specific segment.

**Mr Diaz (VEB):** One of your objectives is predictable returns, and admittedly you have realised those. But I wonder whether you aren't overpaying for this property. If you look at the past five years, earnings per share have fallen; isn't that inherent in the new strategy?

**Mr De Groot:** What would you rather have: growth or quality? We have opted for quality. A lower risk profile tends to yield lower returns.

**Mr Kolff:** That is what we have stated all along. The transformation of course affects the direct return, but for that we get higher quality and confidence in the right strategy tips the balance.

**Mr Broenink:** As a Rotterdammer I am especially interested in property in Rotterdam. I see several units on Zwart Janstraat; that does not gel with the argument you just used. Could you square the two?

**Mr De Groot:** I won't try to square the two, because you are right. I promise that when I'm standing here next year, I'll be able to tell you things that we have done that is in line with your, and our, wishes.

**Mr Diaz (VEB):** One more question on the strategy. My question is whether the properties that were bought as high street are still being considered high street, or is the definition getting narrower?

**Mr De Groot:** It's not getting narrower, as you can indeed tell from the list of properties in the annual report. However, in our updated strategy we make a distinction between high street shops and premium city high street shops. In the updated strategy we said we wished to expand the premium city high street shop segment in the portfolio to 75%, so that means growth in cities like Amsterdam, Utrecht, Antwerp and Paris. That's where you see interest from retailers. After all, they are not tomorrow's consumers; young people are, and they want to be able to feel a product. Convenience is here to stay, and e-commerce will take up part of total consumption. Vastned doesn't mind that. An increasing number of shops that started out as exclusive online players are going out of business. They need a physical shop after all: for confidence and customer contact. I think that technological developments mean that people do order things online, but that shops in city centres will continue to exist. It's different in smaller cities, and there, the number of shops will decline. There is too much retail space in the Netherlands; every year, thousands of square metres are taken off the market and transformed for example into residential housing.

**Mr Broenink:** You don't do property development, do you?

**Mr De Groot:** No, we don't. We don't build property in some green field, we only acquire in city centres. What we do do, is redevelopment, and we realise excellent returns from it. One significant redevelopment, or major

renovation if you like, that we have done was on Leidsestraat, and the Armani property in Istanbul.

**Mr Kolff:** I now move on to the 2014 remuneration report. I'd like to give the floor to the chairman of the remuneration committee, Marieke Bax.

### ITEM 3 2014 REMUNERATION REPORT

**Ms Bax:** I am pleased to report to you about the remuneration of the Executive Board for the 2014 financial year. As you can see, I will discuss the proposed new remuneration policy for the Executive Board later at item 13. In line with the policy currently in effect, the Executive Board in 2014 was granted the remuneration you see on the slide beside me.

The Executive Board's total remuneration comprises a fixed salary and a variable remuneration component, whereby the variable part of the income is divided into 40% short-term and 60% long-term. New CFO Reinier Walta joined Vastned on 1 November 2014, and he is not eligible for variable remuneration on the short period of his tenure in the past financial year. In anticipation of the new policy, I would like on behalf of the Supervisory Board to give you details on Taco de Groot's variable short-term incentive. The criteria were:

- 1) raising the share of premium city high street shops to 50% of the total portfolio. At year-end 2014 this was 60%;
- 2) an average occupancy rate of at least 96.0%. At year-end 2014 it was 97.3%;
- 3) selling at least € 70 million in non-core strategic property, on top of the sale of the Spanish shopping centres (€ 158 million) and the French non-core portfolio (€ 45 million). This criterion was also achieved at € 78 million;
- 4) There were also some qualitative criteria, including creating more entrepreneurship within the organisation, breaking in and building up a good working relationship with the new CFO and a successful wind-up of the remaining Spanish organisation.

As you can see, the CEO has amply fulfilled all these criteria, and has therefore performed above target. We are therefore very pleased to grant him the full 40% short-term incentive, or € 135,000.

The STI criteria for former CFO Tom de Witte were as follows:

- 1) draw up a clear plan for the use of the proceeds of the convertible bond loan;
- 2) a proper transition of the IT organisation and the related infrastructure of the Spanish organisation;
- 3) a number of qualitative criteria, including optimum management of operational affairs and breaking in new CFO Reinier Walta.

We feel that Mr De Witte fulfilled these criteria 'at target', so we granted him 32% of the full 40%. The percentage was corrected for the fact that he left the company in the first week of November. We have therefore set Mr De Witte's short-term incentive at 27.7%, which equals a sum of € 93,462.

With respect to the long-term incentive: 2014 is the final year of a period of three years during which the potential remuneration for the shareholder return criterion is compared to our peer group. So we judge it over a three-year period. The maximum LTI Mr De Groot and Mr De Witte could achieve was € 202,500. As Vastned came ninth in our reference group, we have not granted an LTI on this criterion. Let me stress, however, that the Executive Board last year has again made strong progress on our strategy and we commend its members for their dedication, efforts and enthusiasm. I am happy to answer any questions you might have on the remuneration

report. I see there are no questions.

**Mr Kolff:** Thank you very much, Marieke. I would now like to move on to the trial vote. The trial vote was successfully completed. Let's continue with three agenda items being the annual accounts, the dividend policy and the dividend for the 2014 financial year.

#### ITEM 4 PROPOSAL TO ADOPT THE ANNUAL ACCOUNTS FOR THE 2014 FINANCIAL YEAR (RESOLUTION)

**Mr Kolff:** We now come to Vastned's annual accounts for 2014. The Supervisory Board proposes to the AGM to adopt the annual accounts for the 2014 financial year. At this item, the shareholders have the opportunity to question the Executive Board and the external auditor on its audit activities and its audit opinion of the annual accounts.

**Mr Diaz (VEB):** There is a hefty write-down compared to 2012 and 2013. In 2013 it was due to the lead-up to the sale of the Spanish property. As the eventual selling price showed, the property was still overvalued, and that resulted in the write-down. It was discussed at last year's AGM and it was stated that the appraisals should err on the side of caution, so as to prevent later surprises. Have lessons been learnt? How are appraisals performed and how are appraisers paid: based on a fixed fee, or is their remuneration correlated to the appraisal value in any way?

**Mr De Groot:** As to their remuneration, they are paid a fixed fee. It's not the case that we anticipated the write-down in Spain. We listen to what the appraisers tell us. At the end of the day, the market decides the value of any asset. We were aware based on external appraisals that over the past few years the Spanish portfolio was declining in value, and in the sale we took another hit. Vastned's negative indirect result improved significantly from the year before.

**Mr Diaz (VEB):** If I understand you correctly, it's in fact incidentally related to Spain, and the value decrease is due to the market, not because the appraisers got it wrong?

**Mr De Groot:** The appraisers didn't get it wrong. As I explained last year, appraisers look back in time for points of reference. It's difficult to find them, all the more so in this case because we didn't have full ownership of the Spanish shopping centres. In this segment, there had not been any transactions for years. It's very hard for appraisers to determine a value when their historical reference points are not available. The appraisal value is no guarantee of the sales price; that is up to the market.

**Mr Sonneveldt (Deloitte):** We have our own property experts in our team. We audit the work of the appraiser; we check how he is instructed, and whether this complies with generally accepted standards. For the bigger countries we have had separate meetings with the appraisers. We also look at the transactions that have taken place throughout the year and we check if they deviated significantly from the appraisals. This was the case only in the Spanish non-core portfolio. If you look at the other sales over the past few years, you will not find major deviations from the appraisals.

**Mr Diaz (VEB):** I have another question, this time about the financing structure. Much has happened last year in the area of financing: a convertible bond issue, the transaction with AXA and the refinancing through the Revolving Credit Facility. Is the financing structure now future-proof, both if the portfolio grows and shrinks? I also notice that there is a major interest review coming up in 2015. Does that present an opportunity for Vastned, and how

does it affect profitability?

**Mr Walta:** I think we can say that the financing structure is currently future-proof in relation to the strategy. € 100 million is available for acquisitions, so that is a healthy position. As to the interest review: We have said that two thirds must be financed at a fixed rate and one third at a floating rate. So there is a floating component in the interest review. Next year will show the same picture, with again the part of the portfolio financed at a floating rate being reviewed. We are currently assessing a number of acquisitions and divestments, so in order to keep flexibility within the portfolio while at the same time avoiding being overhedged, we maintain a little more room. We are continually assessing whether we should reduce the interest rate risk.

**Mr Diaz (VEB):** The interest rate is at a historic low. There is a risk that the interest rate goes up, which will affect the return. How much risk is Vastned willing to take?

**Mr Walta:** Your analysis is correct, but a large part of the portfolio is fixed and will mature sometime in the next few years. In our strategy we have stated that two thirds of the interest should be fixed and one third floating, and that shows the extent of the risk.

**Mr De Groot:** In explanation of the above, one of our stated strategic objectives is that we would like to be less dependent on banks, and intend to attract 25% in non-bank financing. We are currently almost on 50% non-bank financing, so we have also achieved better spreading of financing.

**Mr Diaz (VEB):** The risk is not only determined by the size of what the banks finance, but also by the degree to which covenants can be fulfilled. When covenants are broken, loans fall due, even if they only make up a small portion of the portfolio.

**Mr Kolff:** Fortunately, it has never come to that, even in the lean years. In terms of bank loans, Vastned has no problems. We do keep a close eye on the development of the European private placement market. It's interesting for us because it might offer a further broadening of the financing palette.

**Mr Boom:** I have a question about your tax losses. In the annual report you write in a note to the deferred taxes that there are additional tax losses of approx. € 12 million euros, which you have not set off, with the statement 'in view of the current structure'. What does that mean exactly, and are you planning to change this structure?

**Mr Walta:** These losses relate mainly to our French activities, and were built up during the period before we joined the tax-exempt SIIC regime. These losses may only be offset against profits to the extent they are incurred outside the tax-exempt tax regime. We cannot use these losses while we enjoy the tax-exempt status.

**Mr Kolff:** As there are no more questions, let us proceed to voting on the proposal. The voting results are as follows: 10,185,026 votes in favour, 60 against and 11,619 abstentions, so the resolution is passed.

## ITEM 5 COMMENTS ON THE RESERVATION AND DIVIDEND POLICY

**Mr Kolff:** In the AGM of 19 April 2013 the present dividend policy was adopted, which is to distribute a dividend of at least 75% of the direct investment 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 resulting from distribution of stock dividend. Distribution of an interim dividend of 60% of the direct investment result per share for the first six months will

continue.

**ITEM 6 DIVIDEND DECLARATION FOR THE 2014 FINANCIAL YEAR (RESOLUTION)**

**Mr Kolff:** Let us move on to item 6, the dividend declaration for the 2014 financial year. We propose to the AGM to declare a total dividend of € 2.00 per share for the 2014 financial year. After deduction of the cash interim dividend of € 0.73 per share paid out in cash in August 2014, the final dividend is € 1.27 per share in cash. The final dividend for the 2014 financial year will be made payable on 15 May 2015.

Let us proceed with the vote. The voting results are as follows: 10,166,553 votes in favour, 954 against and 29,198 abstentions, so the resolution is passed.

**ITEM 7 PROPOSAL TO GRANT DISCHARGE TO THE MEMBERS OF THE EXECUTIVE BOARD FOR 2014 (RESOLUTION)**

**Mr Kolff:** We propose to the AGM to grant the members of the Executive Board discharge from liability for the performance of their duties over the 2014 financial year. Let us proceed with the vote. The voting results are as follows: 10,093,656 votes in favour, 79,038 against and 11,619 abstentions, so the resolution is passed.

**ITEM 8 PROPOSAL TO GRANT DISCHARGE TO THE MEMBERS OF THE SUPERVISORY BOARD FOR 2014 (RESOLUTION)**

**Mr Kolff:** We propose to the AGM to grant the members of the Supervisory Board discharge from liability for the performance of their duties over the 2014 financial year. Let us proceed with the vote. The voting results are as follows: 10,105,760 votes in favour, 79,038 against and 11,619 abstentions, so the resolution is passed.

**ITEM 9 PROPOSAL TO REAPPOINT MR TACO T.J. DE GROOT AS A MEMBER (CHAIRMAN) OF THE EXECUTIVE BOARD (RESOLUTION)**

**De heer Kolff:** We propose to the General Meeting to reappoint Mr Taco de Groot as chairman of the Executive Board of Vastned for a period of four years, which term will end at the AGM held in 2019. You have been able to read the considerations for his reappointment in the meeting documents. Are there any questions on this agenda item?

**Mr Broenink:** I thought that Mr De Groot had to be nominated by the Supervisory Board and that the AGM should not decide on his reappointment? Why does Mr De Groot want to continue, and what does he expect to achieve over the next four years?

**Mr Kolff:** The appointment procedure is in accordance with the Company's articles of association; I am not aware of any other procedure. With respect to your second question, I will give the floor to Mr De Groot.

**Mr De Groot:** I enjoy the work immensely, and it is important to see the results of one's work, which are actually achieved by a team of which I am but one member. I am a proud CEO, proud of the successes we have achieved as a close-knit team. I feel privileged to be allowed to lead this team and to play an active role in it. And I would like to keep doing that for another four years.

**Mr Kolff:** Let's put the proposal to a vote. The voting results are as follows: 10,195,464 votes in favour, 954 against and 11,619 abstentions, so the resolution is passed. Congratulations, Taco, on your reappointment as CEO.

**ITEM 10 PROPOSAL TO REAPPOINT MR JEROEN B.J.M. HUNFELD AS  
A MEMBER OF THE SUPERVISORY BOARD (RESOLUTION)**

**Mr Kolff:** We now come to two agenda items relating to reappointments and two relating to new appointments. As you may have read, I have stated in the AGM in 2015 that I would step down from the Supervisory Board in 2016. In order to ensure a smooth transition, the Supervisory Board will have five members for a period of one year if the following voting items are passed. After approval from the AGM, the Supervisory Board will have the following members: Wouter Kolff (chairman), Jeroen Hunfeld, Marieke Bax, Charlotte Insinger and Marc van Gelder.

The first vote is on agenda item 10. We propose to the General Meeting to reappoint Jeroen Hunfeld as a member of the Supervisory Board for a four-year term, which will end at the AGM held in 2019. Mr Hunfeld will also be a member of the audit committee.

**Mr Broenink:** Could you state why you want to serve another four years, and what you hope to achieve?

**Mr Hunfeld:** I like to work in inspiring environments which are undergoing change. I have served for almost eight years, and Vastned has certainly gone through major changes. As supervisors, we have always enjoyed helping the company to weather the storm, seeing the work that people have put in and the results they have achieved. I would like to serve another term with this team of wonderful people. I am also looking forward to working together with the new members of the Supervisory Board and with our excellent Executive Board.

**Mr Kolff:** Let's put the proposal to a vote. The voting results are as follows: 10,175,831 votes in favour, 20,872 against and no abstentions, so the resolution is passed. Congratulations, Jeroen, on your reappointment.

**ITEM 11 PROPOSAL TO APPOINT MS CHARLOTTE M. INSINGER AS  
A MEMBER OF THE SUPERVISORY BOARD (RESOLUTION)**

**Mr Kolff:** You have been able to read in the meeting documents about Ms Insinger's background and experience, and about the Supervisory Board's motives to nominate her. Charlotte Insinger started her career with Shell, where she held a range of financial management posts. Subsequently, she fulfilled management positions with Robeco, among which project leader of the split-up of property fund Rodamco. From 2005 to 2010 she was CFO and a member of the Executive Board of the Erasmus Medical Centre. Over the past ten years she has held various supervisory positions, including a supervisory directorship with Vesteda Residential Fund. At present, she is on the Supervisory Board of Ballast Nedam, Dutch Air Traffic Control, SNS Reaal and investigator and director of the Enterprise Chamber of the Amsterdam Court of Appeals.

She will succeed Mr Verboom as chair of the audit committee, a position for which she is amply qualified in view of her financial and tax expertise. So she comes with our highest recommendations. The Supervisory Board proposes to the General Meeting to appoint Ms Charlotte Insinger as a member of the Supervisory Board of Vastned for a four-year term, which will end at the AGM held in 2019. Before we proceed to the vote, are there any questions on this item?

**Mr Diaz (VEB):** My first question is to the Supervisory Board: how did the first contact with Ms Insinger come about?

**De heer Kolff:** We had a well-known headhunter perform a search. Some of us had met her before, and her reputation quickly convinced us that she would be an asset to the Supervisory Board, not least because she covers all the elements we will need when Mr Verboom departs.

**Mr Diaz (VEB):** I would like to ask Ms Insinger: what will be the focus of your activities and how did you prepare for this position?

**Ms Insinger:** I have a long history in retail property investment. I worked with many companies including Rodamco when it was still the biggest property fund. But I have also worked on the client side. So I think I am well qualified to analyse the portfolio and understand appraisal methodologies, assessing acquisitions as well as avenues to finance them etcetera. My track record is my preparation. But I have had extensive talks, not only with the Supervisory Board, but later also with both members of the Executive Board, and ascertained that they form a good team and are highly knowledgeable. I am a big fan of the Executive Board's hands-on attitude. I also had an introductory meeting with the auditor to hear his views on matters. All these factors combined I decided to accept a nomination for this supervisory directorship.

My focus in my role on the audit committee is to ensure that I can assess from all the available information whether the company is running like it should. I also insist on detailed discussing of the audit plans, both of the external auditor and the internal audit department. I want to be able to give a transparent account of anything that deviates from the normal course of affairs. There are many other things I look for, but this is the gist of it.

**Mr Diaz (VEB):** We have read Ms Insinger's CV. It shows that she is also on the Supervisory Board of SNS. Proceedings have been brought against SNS by VEB; various issues remain unresolved, which is why we will abstain. Has the SNS issue played any role in the Supervisory Board's selection process?

**Mr Kolff:** No, none at all.

**Mr Broenink:** Would it not be wise to bring in foreigners as members of the Supervisory Board? There is a lot going on abroad, and there are only Dutch nationals on the Supervisory Board.

**Mr De Groot:** If you look at Mr Van Gelder's CV, you'll see that he has extensive experience abroad. But at the end of the day we are a Dutch company.

**Mr Kolff:** Let's put the proposal to a vote. The voting results are as follows: 10,178,271 votes in favour, 955 against and 17,478 abstentions, so the resolution is passed. Congratulations, Charlotte, on your appointment.

## ITEM 12 PROPOSAL TO APPOINT MR MARC VAN GELDER AS A MEMBER OF THE SUPERVISORY BOARD (RESOLUTION)

**Mr Kolff:** You have been able to read in the meeting documents about Mr Van Gelder's background and experience, and about the Supervisory Board's motives to nominate him. Mr Van Gelder will succeed Mr Verboom as member of the remuneration committee. Mr Van Gelder started his career with American merchant bank Drexel Burnham Lambert. He then joined McKinsey & Company as a strategic consultant and fulfilled various management positions with Royal Ahold in the Netherlands and the United States in the area of retail and e-commerce. For the past nine years he has been CEO of medical service provider Mediq, which until 2013 was listed on the stock exchange. Currently, Mr Van Gelder holds supervisory directorships with companies including Maxeda, Action and Gimv. I give the floor to Mr Van Gelder so as he can introduce himself.

**Mr Van Gelder:** It's an honour to be invited to attend this AGM. My preparation was mainly to analyse the strategy in detail. I believe that is very important, especially in the retail sector. E-commerce is a key factor there. Earlier in my career, I managed such a company in America. I've witnessed the growth of e-commerce from the start, and it remains an important issue in the retail landscape. I believe in Vastned's strategy. Coming to the human factor: colleagues are very important to me, they give a company its distinct character. The members of the Executive Board and the Supervisory Board inspire me with confidence. I've also enquired after their reputations in the wider world. The management's reputation is excellent; no one said a word against them. Let me tell you a quick anecdote about my appointment at Gimv in Belgium last year. I addressed an audience of 3,000 people to introduce myself. Someone asked what relationship I had with Belgium. I told him that because of my Belgian grandmother I was one quarter Belgian. They gave me a standing ovation. Perhaps that is a nice illustration of my international input; I add a bit of Belgium.

**Mr Kolff:** Let's put the proposal to a vote; we propose to the AGM to appoint Mr Marc van Gelder as a member of the Supervisory Board of Vastned for a four-year term, which will end at the AGM held in 2019.

Let us proceed with the vote. The voting results are as follows: 10,195,750 votes in favour, 954 against and 1 abstention, so the resolution is passed. Congratulations on your appointment, Marc.

### ITEM 13 PROPOSAL TO ADOPT A NEW REMUNERATION POLICY FOR THE EXECUTIVE BOARD (RESOLUTION)

**Ms Bax:** The current remuneration policy was adopted in November 2011 after the division of Vastned Retail and Vastned Offices/Industrial NV. It has therefore never been a seamless fit with the high street strategy adopted by the Executive Board in 2012. In order to align the remuneration policy with the current updated strategy and comply with the latest corporate governance insights, Vastned has drawn up a new remuneration policy. Its ambition was to be clear, transparent and best in class. We aim to compete with the best funds on all fronts, remuneration included. In addition, we performed a thorough and detailed check of the new policy by discussing it on a high level basis with a number of shareholders, and also took account of the specific views of various interest groups.

Otherwise, obviously the remuneration policy is governed by all relevant Dutch legislation, including legislation on malus, clawback and takeover bonuses. If the AGM approves the resolution, the new policy will take effect retroactively as per 1 January 2015. So what is going to change for the new remuneration policy, and what isn't?

The remuneration will continue to have five components. For the fixed salary, we have compared it against a newly compiled international labour market reference group of companies with similar strategic focus, size and ambitions as Vastned. In accordance with ISS guidelines, this group comprises 14 European listed property companies. In addition, the findings were double-checked for reasonableness against i) all companies in the AMX index, and ii) another group of 14 comparable Dutch companies, including unlisted companies of similar complexity and size, using the Hay method ('Double Fairness check'). And, last but not least, relative remuneration levels within Vastned were taken into account.

Very clear and ambitious objectives have been set for the variable short-term incentive, including a threshold achievement level, below which no short-term incentive is awarded. In line with the latest corporate governance insights, we want to better align the remuneration policy for the Executive Board with the interests of the shareholders, by encouraging its members to acquire Vastned shares. Thus, the new policy stipulates that the CEO must build up a stake of three times his annual fixed salary and the CFO one and a half times. In principle, this

minimum shareholding must be built up from the long-term incentive within five years. The Supervisory Board will periodically check whether this term is still reasonable and fair.

### **Shareholding and takeover bonus legislation**

I want to say a few brief words about CEO Taco de Groot's present shareholding. He currently owns 51,051 shares which he has bought from his own resources, on his own initiative and at his own risk. To avoid any misunderstanding: these shares are not subject to the 'takeover bonus legislation' of Article 2:135, paragraph 7 of the Dutch Civil Code. Going forward, in its reporting Vastned will clearly distinguish between Mr De Groot's shareholding acquired from his own resources and as built up from means resulting from the new remuneration policy. Of course, Mr De Groot's and Mr Walta's shares acquired from the variable remuneration under the new policy are subject to this takeover bonus legislation.

Moreover, the Supervisory Board will act in the spirit of the takeover bonus legislation. In the event of a takeover, the normalised share price will be used for the determination of the share price linked LTI. This means that when Vastned's share price suddenly rockets from fifth into first place, the Supervisory Board will use the normalised share price from before the spike, not the highest price. In the event of a takeover, the LTI will be settled pro rata, unless this would have unfair results for the Company or the Executive Board.

### **Fixed salary and pension**

Mr De Groot's fixed salary is set at € 440,000 as of 1 January 2015. Based on the comparison with the labour market reference group and after the Double Fairness check, Taco de Groot's fixed salary has been set at close to the median of the reference group, but the total remuneration around the 25 percentile mark. We felt the lower range for the total remuneration was appropriate, although as I'm sure you know, internationally far higher bonuses are awarded.

When he joined on 1 November 2014, Mr Walta's fixed salary was set at € 245,000. A scheme was agreed that his fixed salary could grow to € 308,000 over a period of 3 years based on a number of clear criteria that will be reviewed annually. A fixed remuneration of € 308,000 equals 70% of the CEO's fixed remuneration, as was intended.

Perhaps I should say a few words about the pension situation. As provided in his employment contract, Taco de Groot receives a fixed annual contribution to the build-up of his personal pension. As you will know, tax relief on pension accrual has been limited to € 100,000 of the fixed salary as of 1 January 2015. Reinier Walta, who does participate in Vastned's pension scheme, has agreed to a compensation maximised at the level of the contribution that Vastned no longer has to pay as of 2015. The same scheme has been agreed with other Vastned employees. The compensation does not count as part of his fixed salary nor as a basis for the variable remuneration.

### **Variable remuneration**

As you know, Vastned's strategy aims to secure stable and predictable results. The short-term variable remuneration has been brought into line with this objective, and comprises four challenging criteria. Each criterion accounts for 25%. Three are objective and financially measurable, and one is of a more qualitative nature; for the first three we have defined a clear threshold value, an 'at target' value and a maximum. Performance below the threshold is disqualified from any bonus. The qualitative criterion is defined for each member of the Board separately. The criteria are determined annually by the Supervisory Board based on the business plan. After the conclusion of the relevant financial year, the remuneration report comments on the performance in terms of these criteria, as we have already done this year in anticipation of the new policy.

The new long-term incentive has the following three components.

- 1) the Relative Total Shareholder Return (RTSR) test, determines 50% of the maximum incentive granted and is determined by comparing the total shareholder return (share price movements plus dividends) of the Vastned share over a period of three financial years against a reference group of 13 direct competitors. These are companies that have a comparable focus and ambition as Vastned. If Vastned is not ranked higher than seventh place, no incentive is granted. So here, too, we have set a clear threshold.
- 2) the Absolute Total Shareholder Return (ATSR) test, determines 30 % of the variable long-term incentive. This test means that if Vastned's shareholder return over a period of three years is below 45%, no LTI is granted; 60% is defined as an 'at target' performance of the ATSR test and 75% ATSR results in the maximum bonus being awarded. Between the maximum and the threshold the incentive is awarded pro rata.
- 3) Business Health test: the final 20% are determined by what we call the Business Health test. This test is intended to ensure that short-term criteria do not skew their policy and to encourage the Executive Board to keep their sights on the long-term strategy.

The principle herein is that initially the impact of the annual short-term criteria is measured over a three-year period. Let me give you an example: acquisitions of high-quality property tend to require a long sowing period. Contacts have to be established and fostered before actual sales can be made. The objective of the test is to reward the Executive Board for this sowing, and prevent that they try to achieve set targets within one year. In addition, also other important, non-financial performance indicators are taken into account, such as the 'tone at the top' (which has proved especially important in the area of susceptibility to fraud), but also sustainability and employee satisfaction.

The long-term incentive of Mr De Groot under the previous remuneration policy will continue into 2015 and 2016. To avoid double-counting and to start the long-term incentives of the CEO and the CFO out on the same basis, it has been agreed in mutual consultation with Taco de Groot to pay him an amount of € 62,500 as compensation for the rights he would have had under the former remuneration policy. In this agreement, the same system has been used as with Mr De Witte at an earlier stage. To give you an idea, if we were to measure today, his LTI entitlements would be approx. € 131,000. We felt this was a neat solution, and we are grateful to Mr De Groot that he has agreed to it. Are there any questions about my explanation of the new remuneration policy?

**Mr Kolff:** Thank you for your explanation, and also a big thank you to the other members of the remuneration committee. We know how much time the remuneration commission has devoted to this. There are no questions, so let's move on to the vote. The voting results are as follows: 10,040,363 votes in favour, 125,119 against and 31,223 abstentions, so the resolution is passed.

#### ITEM 14 PROPOSAL TO ADOPT THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD (RESOLUTION)

**Mr Kolff:** Let's move on to item 14. I see there are no questions. The voting results are as follows: 10,194,516 votes in favour, 163 votes against and 2,026 abstentions, so the resolution is passed.

**ITEM 15 PROPOSAL TO AMEND THE ARTICLES OF ASSOCIATION OF VASTNED RETAIL N.V. (RESOLUTION)**

**Mr Kolff:** Let's move on to item 15. We propose to the AGM to amend the articles of association of Vastned Retail N.V. The purpose for the amendment is to bring the articles of association in line with altered regulations. With the implementation of the AIFM Directive, it is no longer advisable for Vastned to retain the status of an investment institution with variable capital ('bmvk'. The proposed amendment of the articles of association addresses this issue. Vastned Retail N.V.'s competing Dutch listed funds have amended their articles of association in similar fashion already. Relinquishing bmvk status also requires adjusting the provisions relating to the purchase and issuing of shares. The articles as proposed in this amendment reflect the statutory regulation as laid down in the Dutch Civil Code. The Executive Board and the Supervisory Board propose that the articles of association be amended in line with this proposal. The text of the proposed amendment is available from the office of Vastned Retail and may be inspected on the company's website.

**Mr Kolff:** The voting results are as follows: 10,177,067 votes in favour, 60 against and 2,100 abstentions, so the resolution is passed.

**ITEM 16 AUTHORISATION OF THE EXECUTIVE BOARD TO ISSUE SHARES (RESOLUTION)**

**Mr Kolff:** Let's move on to item 16. We propose to the AGM to authorise of the Executive Board to issue shares, grant rights to acquire shares and limit or restrict the pre-emptive right.

**Mr Diaz (VEB):** I want to focus on the exclusion of the pre-emptive right. VEB believes that all shareholders should be given equal opportunity to take decisions on the issuance of new shares. We consider situations as with NSI N.V., which made a major share issue with a considerable discount in which not all shareholders could participate, as highly undesirable. We ask you to exercise the utmost restraint in this matter.

**Mr Kolff:** Thank you for your very clear comments. We appreciate your views.

**Mr De Groot:** We have written a letter to VEB in which we complained that it mentioned Vastned to the press in this context, which was quite wrong. To our disappointment, we have never received a reply.

**Mr Kolff:** Let's put the proposal to a vote; The voting results are as follows: 9,206,617 votes in favour, 990,088 against and no abstentions, so the resolution is passed.

**ITEM 17 PROPOSAL TO AUTHORISE THE EXECUTIVE BOARD TO PURCHASE THE COMPANY'S OWN SHARES (RESOLUTION)**

**Mr Kolff:** Let's move on to item 17. We propose to the AGM to authorise the Executive Board to purchase the Company's own shares.

**The voting results are as follows:** 10,192,391 votes in favour, 4,288 against and 26 abstentions, so the resolution is passed.

ITEMS 18 AND 19 ANY OTHER BUSINESS AND CLOSING

**Mr Kolff:** We are coming to the final items on the agenda of this meeting, any other business, and the closing. I would like to give the attendees the opportunity to ask questions about issues that were not on the agenda. Anyone? I note that there are no questions. I would like to thank you for your attendance. I would like to congratulate the new supervisory directors on their appointment. I am grateful to Mssrs Deen Sonneveldt and Christiaan Binkhorst of Deloitte and Mssrs Allard Metzelaar and David Mijeren of Stibbe. Finally, I wish to extend you gratitude to Mr Pieter Verboom for his valuable contributions of the past 11 years. I hope you will all join me in the room next door for a drink.