



## Vastned strategy update

Focus on growth in selected European cities

# Background on strategy update

- Vastned made substantial progress increasing the quality of the portfolio
  - Rotation of a total of € 1.7 billion in assets since the introduction of the high street strategy in September 2011
  - Divestment Turkish portfolio further adds to quality improvement
  - Share of premium city high street shops to 73%

# Strategy of focussing on best shops in selected European cities

Quality remains key to Vastned

## – Portfolio

- I. Focus of acquisitions in five selected European cities
- II. Grow the share of core city assets from 75% to over 80%
- III. Divest mixed retail assets in the Netherlands for € 100 million

## – Financing

- I. Extend the range of the loan-to-value from 40%-45% to 35%-45%
- II. Retain the minimum of 25% non-bank financing
- III. Retain the allocation of fixed vs. floating interest rates at 2/3 – 1/3

## – Organisation

- I. Keep a compact team of specialists and an organisation that is lean and mean with a highly commercial and hands-on mentality



## Portfolio

Focus on the best retail assets in selected European cities

# I. Acquisition focus on five European cities

- Strengthening the position in Amsterdam, Antwerp, Madrid and Paris via acquisitions and addition of Barcelona as new target city
- Retail landscape is continuously changing, increasing the popularity of top locations even further
  - These cities have generated the best results in the past few years
  - Retailers with cross-border expansion plans opt for these cities
  - Larger touristic cities remain attractive for retailers who downsize their footprint
- Acquisition strategy: pragmatic and disciplined
- Growth possibilities in other core cities only considered in specific cases

	Book value	Theoretical gross income	Occupancy rate	Number of tenants	GLA
	(€ mln)	(€ mln)	(%)		(sqm)
Amsterdam	272.2	10.7	99.0	44	13,351
Antwerp	82.1	3.9	99.6	18	6,994
Madrid	77.5	2.8	100.0	6	2,427
Paris	188.1	7.3	99.3	15	6,546
<b>Total</b>	<b>619.9</b>	<b>24.7</b>	<b>99.3</b>	<b>83</b>	<b>29,318</b>

## II. Grow the share of core city assets from 75% to over 80%

- Core city assets
  - Best retail assets in popular shopping streets of bigger European cities
  - Total value: € 1,143 million
- Mixed retail locations
  - Good quality high street assets in smaller cities in the Netherlands, France, Belgium, and Spain
  - Belgian ‘baanwinkels’ and retail warehouses in the Netherlands
  - (Shared ownership of) shopping centres in the Netherlands and France
  - Total value: € 372 million

Current allocation of the portfolio



	Core city assets	Mixed retail locations	Total
In %			
Value (in € million)	1,143	372	1,515
Occupancy rate	99.0	93.9	97.1
Like-for-like rental growth	0.7	(2.5)	(0.7)
Rental change at leasing activity	18.6	(16.9)	(0.6)
Value movements	4.6	(4.7)	2.0

*Based on 2016 results excluding the Turkish assets that have been sold after balance sheet date*

# Core cities



### III. Divest mixed retail assets in the Netherlands for € 100 million

- Divestments in the Netherlands in the last phase of the transition
- Vastned reduced its presence in the total number of cities in the Netherlands already with a third from 110 to 73 in the last five years
- Divestment strategy: pragmatic and disciplined
- In the Netherlands: clear focus on acquisitions in Amsterdam and active asset management of the existing portfolio to optimise rents and values

	Netherlands	
€ million		
Value core city assets	465	68%
Value mixed retail locations	219	32%
<b>Total value portfolio</b>	<b>684</b>	<b>100%</b>



# Financing

Conservative financing strategy remains

# Maintain a conservative financing strategy

- I. Extend the range of the loan-to-value from 40%-45% to 35%-45%
  - Lower loan-to-value makes Vastned less exposed to interest-rate developments
  - Room for large acquisitions
- II. Retain the minimum of 25% non-bank financing
- III. Retain the allocation of fixed vs. floating interest rates at 2/3 – 1/3



# Organisation

Hands-on and proactive management

# Lean and mean organisation

- In line with the transformation of the portfolio Vastned's organisation shrank from 105 to 45 FTE
- Compact team consisting of 45 FTEs with offices in four European cities:
  - Close cooperation
  - Hands-on and proactive



## Divestment of Turkish assets

# Exit out of Turkey

- Motivation for leaving Turkey:
  - Uncertain geopolitical, political, and economic situation in Turkey and no expected improvement in the short to medium term
- Divestment of Vastned Emlak through sale of the shares
- Closing of the transaction scheduled for end of March 2017
- Sales proceeds will be used for:
  - Lowering the drawn amount on the revolving credit facility
  - Share buy-back

Key results	
Net sales result (in € million)	5.9
NAV per share after divestment (in €)	42.57



# Share buy-back announcement

# Announcement of share buy-back

## Key information

- Share buy-back of approximately € 50 million
- Execution follows the closing of the divestment of Vastned Emlak before end of March 2017
- Commencement will be announced

# Outlook

- Vastned will commence buying back shares after the closing of the transaction of the Turkish assets
- The loan-to-value post buy-back remains approximately 42%, within the target range of 35%-45%
- Due to the combination of the divestment of the Turkish portfolio and the share buy-back, the 2017 direct result remains unchanged at € 2.10 - € 2.20 per share

# Summary

- Quality remains key focus of Vastned
- Further quality improvements through
  - Growth in five selected European cities
  - Divestment of €100 million of assets in the Netherlands
- Sale of Turkey adds to quality improvement portfolio
- Proceeds of sale to be used for lowering revolving credit facility and share buy-back

# Country segmentation

	Netherlands		France		Belgium		Spain		Total	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
<b>Core city assets</b>	465	68	377	99	217	60	84	96	1,143	75
<b>Mixed retail locations</b>	219	32	6	1	144	40	3	4	372	25
<b>Total</b>	684	100	383	100	361	100	87	100	1,515	100

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