

ANNUAL RESULTS 2022

Vastned reports strong operational and financial performance

Initiation of strategic reorientation, considering all strategic options

Highlights

- **Earnings of € 1.83 per share (€ 0.84 in 2021)**
- **Direct result 2022 of € 2.05 per share (€ 1.93 in 2021)**
- **Indirect result of € 0.22 negative per share (€ 1.09 negative in 2021)**
- **Collection rate further increased to 98.2% (95.7% in 2021)**
- **Occupancy rate up to 98.6% (97.9% year-end 2021)**
- **Like-for-like gross rental income increased by 7.5% year-on-year**
- **Value of property portfolio slightly decreased by 1.2% compared with year-end 2021**
- **Loan-to-value ratio of 43.4% as at 31 December 2022 (43.0% year-end 2021)**
- **Total dividend of € 1.85 per share proposed (€ 1.73 per share in 2021); 90.2% pay-out ratio**
- **Giving the rising interest rates, geo-political and economic uncertainties, Vastned provides no guidance on the direct result for the full year 2023**
- **Initiation of strategic reorientation, considering all strategic options**

Hoofddorp, 16 February 2023 – Vastned, the listed European retail property company, continues its strong operational and financial performance. Vastned reports earnings for 2022 of € 1.83 euro per share versus € 0.84 per share in 2021, and a direct result for 2022 of € 2.05 euro per share, an increase versus € 1.93 per share reported in 2021. The collection rate further improved to 98.2%, and the occupancy rate remains high at 98.6%. The value of the property portfolio slightly decreased by 1.2% during 2022, reflecting the quality of Vastned's portfolio.

Reinier Walta, Vastned CEO: "Vastned achieved strong results for the year 2022. Gross rental income increased from € 62.2 million to € 66.4 million, and the direct result for the year 2022 increased from € 33.1 million to € 35.2 million. Most of our performance indicators – financial and operational – improved in 2022. Our portfolio in all of our markets has shown its resilience in the past years where our business was impacted by Covid and economic and geopolitical headwinds. In 2022, high streets were busy again, and consumers are looking for inspiring and rewarding experiences. Equally, hospitality businesses have picked up, with restaurants and bars experiencing pre-pandemic interest from consumers.

High-quality retail locations also proved their value in 2022 as demand for well-located retail space grew once again. While an effective combination of online and offline channels is more important than ever, physical stores remain indispensable for delivering well-rounded customer experiences as well as customer-oriented marketing and branding. In 2022, we also further improved our tenant mix, for instance by continuing to reduce the exposure to fashion in our portfolio to 45%.

Our portfolio has proven to be robust and high street shopping is getting back on track. It is, however, important to remain vigilant: also Vastned is not immune to rising interest rates, geo-political and other economic uncertainties. Therefore, Vastned does not provide guidance on the direct result for the 2023 full year at this stage.

Considering the current context of rising interest rates, increasing yields on retail real estate properties and the expected abolishment of the FBI regime as of 2025, we will conduct a strategic reorientation, with the intention to unlock value for Vastned and all of its stakeholders. In this reorientation we will consider all strategic options for the company, including their feasibility."

Results	2022	2021
Occupancy rate as at 31 December (%)	98.6	97.9
Like-for-like gross rental growth (%)	7.5	0.7
Value movements (%) ¹⁾	(1.2)	(1.6)
Total appraisal value of the portfolio (€ million)	1,420	1,438
Direct result per share (€)	2.05	1.93
Indirect result per share (€)	(0.22)	(1.09)
Result per share (€)	1.83	0.84

¹⁾ Excluding acquisitions and divestments

Strategy

Vastned has focused on operational excellence in 2022, which is reflected in its strong operational performance. The exposure to fashion retail was again reduced to approximately 45% (from 46% at year-end 2021). The tenant-mix improved further with some interesting new lettings above market rent to what Vastned considers future-proof retailers. Also Vastned strengthened its internal organisation with some key job vacancies filled and continued to improve its organizational efficiency. In 2022 only a limited number of small, non-core assets were divested. Vastned also acquired an attractive additional unit in the Zuidplein shopping centre in Rotterdam.

Considering the current context of rising interest rates, increasing yields on retail real estate properties and the expected abolishment of the FBI regime as of 2025, we will conduct a strategic reorientation, with the intention to unlock value for Vastned and all of its stakeholders. In this reorientation we will consider all strategic options for the company, including their feasibility.

Sustainability

In 2022, Vastned stepped up its efforts to improve the sustainability performance of its portfolio, as part of our commitment to support the fight against climate change and having a positive and wide-ranging impact on society at large. Vastned worked on enlarging its Green Finance-eligible asset portfolio, in line with its target to reach 25% of the total market value of the portfolio by 2025. Eligible assets relate to those that can be used for green loans in line with Vastned's Green Finance Framework. At the end of 2022, 25% of the total market value of the portfolio was much earlier than expected already deemed to be eligible. The change in the determining factors for energy performance certificate (EPC) labels for commercial units in the Netherlands was a major contributor to this achievement.

In 2023 and beyond, Vastned will use the Carbon Risk Real Estate Monitor (CRREM), an internationally recognised method, to benchmark the energy consumption of its buildings against the global framework set out by the Paris Agreement. This risk assessment tool will provide insights into the magnitude of these risks at a building and portfolio level. The results of this research will be used in shaping Vastned's sustainability programmes.

Change in fiscal regime in the Netherlands

The Dutch government has announced its intention to abolish the FBI regime for all direct real estate investments in the Netherlands from 1 January 2025, a year later than the initial plan, allowing more time to prepare for this major change. In the meantime, we have no indications that other governments of European countries are considering such a significant change to their fiscal REIT regimes. Across Europe, REITs have contributed tremendously to the development of a healthy real estate sector, attracting significant investments.

In October 2022, we provided an estimate of the potential negative impact this change could have on Vastned's direct result in the year following the abolishment. This was estimated a negative impact at between 5% and 10%. However, the negative impact cannot be fully assessed at this stage and will depend on the outcome of a political process in the Dutch parliament as well as possible flanking measures. It will also vary depending on any restructuring measures Vastned may take in response to the proposed plan.

NOTES TO THE PROPERTY PORTFOLIO

Occupancy rate

Vastned considers its high overall occupancy rate as evidence of the quality and attractiveness of its property portfolio. At year-end 2022, the occupancy rate of the total portfolio was 98.6%.

Occupancy rate (%)	31 December 2022	30 June 2022	31 December 2021	31 December 2020
Netherlands	98.3	98.3	97.2	95.2
France	97.9	98.1	97.2	98.5
Belgium	99.4	98.8	99.3	96.2
Spain	100.0	100.0	100.0	100.0
Total	98.6	98.5	97.9	96.5

Leasing activity

In 2022, Vastned concluded 43 leases for a total annual amount of € 6.4 million, or 8.7% of the total theoretical annual gross rental income. In 2021, in comparison, Vastned concluded 92 leases for a total annual amount of € 12.4 million, or 17.4% of the total theoretical annual gross rental income.

Leasing activity	2022
Number of leases	43
Rental income (€ million)	6.4
% of total theoretical annual rent	8.7%
Rental change (€ million)	(0.8)
% rental change	(11%)

Appraisal value

The value of the property portfolio was € 1,420 million at year-end 2022 (year-end 2021: € 1,438 million).

Portfolio breakdown (€ million)	31 Dec 2022	% of total
Netherlands	610	43%
France	407	29%
Belgium	321	22%
Spain	82	6%
Total	1,420	100%

Like for like appraisal value

All properties in operation are appraised at least once per year by independent certified appraisers. As per 31 December 2022, the portfolio has been appraised. The like-for-like appraisal value of the property portfolio excluding acquisitions and divestments as at the end of December 2022 decreased by 1.2% compared with year-end 2021. The value movements of the portfolios in the Netherlands, France, Belgium and Spain were (1.97)%, (0.75)%, (0.76)% and 0.04% respectively.

Appraisal value (Like-for-like)

(€ million)	FY22	vs FY21 (%)	FY 2021	vs FY20 (%)	FY 2020
Netherlands	609	(2.0)	621	(2.4)	636
France	407	(0.7)	410	0.7	407
Belgium	321	(0.8)	323	(2.9)	333
Spain	82	0.0	82	(1.8)	84
Total	1,419	(1.2)	1,436	(1.6)	1,460

Acquisitions and divestments

In 2022 Vastned acquired Zuidplein Hoog 827 in Rotterdam, for a total consideration of € 1.8 million excluding costs. This unit is leased to ICI Paris XL. Zuidplein is a shopping centre that has performed well over the years. Vastned already had 7 units in this centre and there was a good opportunity to acquire the property at an attractive price and good initial yield. Zuidplein underwent a significant upgrade over past couple of years, officially reopened on 25 January 2023. The upgrade means that Zuidplein is expected to remain an attractively positioned shopping centre in the coming years. Besides that, various improvements were made in the area, such as the expansion of the Ahoy venue, the optimization of the Zuidplein metro station, a new municipal swimming pool and hotels. Altogether this is a well-located unit with a broad front and on a long-term lease to a strong retailer.

As part of its strategy to further reduce the risk profile of the portfolio, Vastned sold non-strategic assets in the Netherlands in 2022. The divested properties had a total book value of € 1.7 million at the time of sale and a total transaction value of € 2.2 million.

NOTES TO THE FINANCIAL RESULTS

Financial results (€ million)

	2022	2021
Direct result	35.2	33.1
Indirect result	(3.8)	(18.7)
Result attributable to Vastned Retail shareholders	31.3	14.4
Result attributable to non-controlling interests	5.0	1.4
Result after taxes	36.3	15.8

Result attributable to Vastned Retail shareholders

The result attributable to Vastned's shareholders, which comprises the direct and indirect results, was € 31.3 million in 2022 (2021: € 14.4 million). The main cause was the increase of the indirect result from € 18.7 million negative in 2021 to € 3.8 million negative in 2022. Within the indirect result, the decrease in value of the property portfolio in 2022 amounted to € 19.4 million (2021: decrease of € 26.5 million). As a result of the changed increased market interest rates, the value movements of the financial derivatives were € 16.3 million positive in 2022 (2021: € 3.6 million positive).

The direct result increased from € 33.1 million in 2021 to € 35.2 million in 2022. Net rental income came out higher (€ 59.7 million in 2022 compared to € 56.6 million in 2021) however this higher net rental income was negatively impacted by an increase in financing costs, general expenses and income taxes.

Result per share

The result per share attributable to Vastned Retail shareholders was € 1.83 for 2022 (2021: € 0.84). The result comprises the direct result per share of € 2.05 (2021: € 1.93) and the indirect result per share of € 0.22 negative (2021: € 1.09 negative).

NET INCOME FROM PROPERTY

Gross rental income

The gross rental income was € 66.4 million in 2022 compared with € 62.2 million in 2021. A break-down of the movements per country is provided in the table below.

Total (€ thousands)	Netherlands	France	Belgium	Spain	Total	In % of 2021 amounts (2021 = 100)
Gross rental income 2021	28,745	13,481	17,232	2,758	62,216	100.0%
Acquisitions	77	-	-	-	77	0.1%
Divestments	(291)	-	(219)	(12)	(522)	-0.8%
Waivers of rent arrears (LfL)	1,283	579	664	-	2,526	4.1% ¹⁾
Like-for-like rental growth	767	722	244	347	2,080	3.4% ¹⁾
Gross rental income 2022	30,581	14,782	17,921	3,093	66,377	106.7%
Other income	-	326	83	-	409	
Addition to provision for expected credit losses	219	(402)	25	-	(158)	
Operating expenses ²⁾	(3,961)	(1,101)	(1,590)	(284)	(6,936)	
Net rental income 2022	26,839	13,605	16,439	2,809	59,692	105.4%
Net rental income 2021	24,893	12,862	16,228	2,640	56,623	100.0%
Operating expenses as % of gross rental income 2022 ³⁾	12.2	10.2	8.7	9.2	10.7	
Operating expenses as % of gross rental income 2021 ³⁾	13.4	4.6	5.8	4.3	9.0	

¹⁾ Percentage calculated based on the standing portfolio – gross rental income 2021 minus the effect of divestments.

²⁾ Including net service charge expenses.

³⁾ The operating expenses as % of gross rental income is higher in 2022 compared to 2021 as a result of a large amount of releases of provisions for expected credit losses accounted for in 2021. This is the result of the 'recycling' of provisions into waivers (negative rent) after agreements were made with our tenants on concessions as a result of (the impact of) Covid-19.

Acquisitions

In 2022 Vastned acquired a property located at the Zuidplein Hoog 827 in Rotterdam for an amount of € 1.9 million including costs. In 2021 no acquisitions were made. As a result of this acquisition gross rental income increased by € 77 thousand.

Divestments

In 2022, Vastned sold € 1.7 million worth of properties (€ 1.6 million in bookvalue at the time of divestment). In 2021, properties with a bookvalue of € 17.7 million were sold, which caused the gross rental income for 2022 to fall by € 0.5 million compared with 2021.

Waivers in the context of COVID-19

As a result of Covid-19, an amount of € 0.5 million in rent arrears was waived in 2022 (2021: € 3.1 million). The waivers of rent arrears in 2022 were predominantly granted in the Netherlands. Based on a like-for-like comparison, waivers of rent arrears were € 2.6 million positive.

Like-for-like gross rental growth

The like-for-like rental growth of the gross rental income was € 2.1 million positive compared to 2021. The like-for-like rental growth in the Netherlands, France, Belgium and Spain was € 0.8 million, € 0.7 million, € 0.3 million and € 0.3 million positive respectively, as a result of rental indexations and a higher occupancy rate during 2022.

The like-for-like growth of the gross rental income was 3.4% positive for the total property portfolio. Including waivers the like-for-like rental growth was 7.5%.

Operating expenses (including net service charge expenses)

Total operating expenses, excluding the allocation to the provision for expected credit losses, increased from € 6.5 million in 2021 to € 6.9 million in 2022. Higher maintenance costs and letting costs mainly caused the increase of € 0.4 million.

The allocation to the provision for expected credit losses increased from € 0.4 million positive 2021 to € 0.2 million negative in 2022. The dotation in 2022 consists of releases of earlier Covid-19 related provisions of € 0.2 million and dotations of € 0.4 million which were mainly related to the French portfolio.

Expressed as a percentage of the gross rental income (including credit losses), operating expenses were 10.7% in 2022 (2021: 9.0%).

Value movements in property

The value movements in property in 2022 totalled € 19.5 million negative (2021: € 26.5 million negative). The value decreases of the Dutch, French and Belgian property portfolios were € 14.0 million, € 3.0 million and € 2.6 million respectively. In Spain, the value of the property increased with € 0.1 million.

Net result on divestments of property

The net result on the divestments realised in 2022 after the deduction of sales costs plus some late results was € 0.6 million positive.

EXPENDITURE

Net financing costs

The net financings costs, including value movements of financial derivatives, decreased from € 8.3 million negative in 2021 to € 4.3 million positive in 2022. Developments regarding the net financing costs are detailed in the table below.

Development of net financing costs (€ million)

Net financing costs 2021	8.3
Decrease due to lower average interest-bearing debts	(0.2)
Net increase due to lower average interest rate and changes in fixed/floating interest rates and working capital	0.3
Decrease due to positive value movements in financial derivatives	(12.7)
Net financing costs 2022	(4.3)

Net financing costs decreased by € 0.2 million in 2022 due to lower average interest-bearing debts resulting from divestments and changes in working capital. The ratio fixed/floating interest within the loan portfolio at year-end 2022 is 72.5%/27.5%; due to the increased market interest rates the average interest rate increased with 3 basis points from 1.88% in 2021 to 1.91% in 2022, pushing interest expenses up by € 0.3 million. As a result of the increased market interest rate, the value movements of the interest rate derivatives were € 16.3 million positive in 2022 compared with € 3.6 positive in 2021.

General expenses

General expenses were € 6.9 million in 2022 compared with € 6.7 million in 2021. The increase of € 0.2 million is mainly due to additional consultancy costs, higher IT costs and increased audit fees.

Abortive purchase costs

The abortive purchase costs of € 0.7 million are costs related to an intended transaction, which could have resulted in a delisting of Vastned Belgium NV. The discussions were ended due to rapidly changed market conditions.

Current income tax expense

In 2022, income tax payable for the regularly taxed entities in the Netherlands, Belgium and Spain was € 0.9 million (2021: € 0.6 million).

Movement in deferred tax assets and liabilities

The movement in deferred tax assets and liabilities was € 0.4 million negative in 2022 (2021: € 1.1 million positive). The increase in the provision for deferred tax in 2022 was mainly due to the write-off in 2022 of two deferred tax assets related to loss compensation and the earnings stripping rule.

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

As at 31 December 2022, Vastned had a total accounts receivable position of € 11.7 million (31 December 2021: € 10.8 million), of which € 1.9 million was provided for (31 December 2021: € 1.9 million). The total value of the accounts receivable, after deduction of the provision for expected credit losses, can be broken down according to the nature of the receivable as follows:

Accounts receivable and other receivables (€ million, rounded)	Outstanding	Provision for expected credit losses	Total
Accounts receivable unrelated to COVID-19	3,228	1,601	1,627
Accounts receivable related to COVID-19	552	336	216
Accounts receivable for which a deferment has been granted in the context of COVID-19	215	-	215
Pre-invoiced rent	7,654	-	7,654
Other receivables	26	-	26
Total	11,675	1,937	9,738

Part of the total accounts receivable position are receivables overdue by more than one year that are fully provided for but cannot yet be written off in connection with bankruptcies that have not yet been fully settled. These are mostly accounts receivable that are unrelated to Covid-19.

FINANCING STRUCTURE

Vastned strives to maintain a conservative financing structure, with a loan-to-value ratio with a maximum of 40% on the long-term and good diversification of financing sources; e.g. by placing long-term loans with institutional investors (including through private placements).

Financing structure	31 December 2022	31 December 2021
Loan-to-value (%)	43.4	43.0
Solvency ¹ (%)	55.4	55.1
Interest coverage ratio	5.0	4.8

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

As at 31 December 2022, Vastned's balance sheet showed a healthy financing structure with a loan-to-value ratio of 43.4% (year-end 2021: 43.0%) and a solvency ratio, being group equity plus deferred tax liabilities divided by the balance sheet total, of 55.4% (year-end 2021: 55.1%). The interest coverage ratio for the past 12 months was 5.0.

With a solvency ratio of 55.4% and an interest coverage ratio of 5.0, Vastned complies with the loan covenants as at 31 December 2022. All financing agreements stipulate a 45.0% minimum solvency ratio and usually require a minimum 2.0 interest coverage ratio. Most financing agreements include a negative pledge clause, with a limited threshold for putting up security.

Loan portfolio as at 31 December 2022 (€ million)

	Fixed interest ²	Floating interest	Total	% of total
Long-term debt	429.9	155.4	585.3	95.4
Short-term debt	15.0	13.3	28.3	4.6
Total	444.9	168.7	613.6	100.0
% of total	72.5	27.5	100.0	

2) Taking account of interest rate derivatives

At the end of December 2022, 72.5% of the loan portfolio comprised fixed interest loans as a result of the use of interest rate derivatives and fixed coupon private placements.

The share of non-bank loans was 35.0%, significantly above the target of a minimum of 25%.

Taking the unused credit facilities of € 124.8 million as at 31 December 2022 into account, there is ample liquidity to fulfil short-term payment obligations.

In 2022 Vastned extended the duration of part of its syndicated loan facility by one year to 12 September 2025 for a facility amount of € 200.0 million at the same attractive conditions.

DEVELOPMENT OF NET ASSET VALUE PER SHARE

As a result of the combined direct and indirect result per share of € 1.83 positive, the other movements of € 0.13 positive, the 2021 final dividend distribution of € 1.20 per share and the interim dividend distribution of € 0.59 per share, the net asset value per share increased from € 41.57 at year-end 2021 to € 41.74 at year-end 2022.

The EPRA NRV per share as at 31 December 2022 was € 46.79 compared with € 47.73 as at year-end 2021.

DIVIDEND PROPOSAL FOR 2022

The total dividend Vastned proposes to its shareholders accumulates € 1.85 per share, representing a pay-out ratio of 90.2% of the direct result of 2022. Following the interim dividend of € 0.59 per share paid in August 2022, the final dividend is proposed at € 1.26 per share. If this dividend proposal for 2022 is approved, the Vastned share is expected to quote ex-dividend on 24 April 2023, and the final dividend will be made payable on 4 May 2023.

OUTLOOK 2023

Vastned's portfolio has proven to be robust and high street shopping is getting back on track. It is, however, important to remain vigilant: also Vastned is not immune to rising interest rates, geo-political and other economic uncertainties. Therefore, Vastned does not provide guidance on the direct result for the 2023 full year at this stage.

WEBCAST

On 16 February 2023 at 10 am (CET), Vastned will provide an analyst presentation on the Annual Results 2022 that will be broadcasted in the form of a webcast. This webcast call can be followed live via https://vastned.com/en/investor-relations/investor_relations.

ABOUT VASTNED

Vastned is a European publicly listed property company (Euronext Amsterdam: VASTN) focusing on the best property in the popular shopping areas of selected European cities with a historic city centre where shopping, living, working and leisure meet. Vastned's property clusters have a strong tenant mix of international and national retailers, food & beverage entrepreneurs, residential tenants, and office tenants. Its property portfolio had a size of € 1,420 million as at 31 December 2022.

Further information

Investor Relations

Tel: +31 20 2424 300

KEY FIGURES

Results (€ thousand)

	31 December 2022	31 December 2021
Gross rental income	66,377	62,216
Direct result	35,177	33,058
Indirect result	(3,832)	(18,653)
Result	31,345	14,405

Balance sheet (€ thousand)

Property (appraisal value)	1,420,406	1,438,000
Equity	795,951	791,999
Equity Vastned Retail shareholders	715,879	713,072
Long-term liabilities	606,209	636,595
Solvency definition lenders (%)	55.4	55.1
Loan-to-value (%)	43.4	43.0
Interest coverage ratio	5.0	4.8
Financial occupancy rate property portfolio (%)	96.9	95.7

Average number of shares in issue	17,151,976	17,151,976
Number of shares in issue (end of period)	17,151,976	17,151,976

Per share (€)

Equity Vastned Retail shareholders at beginning of period (including final dividend)	41.57	42.98
Final dividend previous financial year	(1.20)	(1.73)
Equity Vastned Retail shareholders at beginning of period (excluding final dividend)	40.37	41.25
Direct result	2.05	1.93
Indirect result	(0.22)	(1.09)
Result	1.83	0.84
Remeasurement of defined benefit obligation	0.13	0.01
Interim dividend	(0.59)	(0.53)
Equity Vastned Retail shareholders at end of period (including final dividend)	41.74	41.57

Share price (end of period) (€)	21.15	24.00
Premium/(Discount) (%)	(49.3)	(42.3)

DIRECT AND INDIRECT RESULT

(€ thousand)

Direct result

	YEAR 2022	YEAR 2021	HY2 2022	HY2 2021
Gross rental income	66,377	62,216	33,607	31,190
Other income	409	490	206	202
Net service charge expenses	(61)	(142)	(22)	(92)
Operating expenses	(7,033)	(5,941)	(2,904)	(1,573)
Net rental income	59,692	56,623	30,887	29,727

Financial income	13	36	6	28
Financial expenses	(12,018)	(11,906)	(6,136)	(6,003)
Net financing costs	(12,005)	(11,870)	(6,130)	(5,975)

General expenses	(6,889)	(6,707)	(3,462)	(3,256)
Direct result before taxes	40,798	38,046	21,295	20,496

Current income tax expense	(855)	(633)	(451)	(372)
Movement in deferred tax assets and liabilities	(145)	139	(183)	32
Direct result after taxes	39,798	37,551	20,661	20,552

Direct result attributable to non-controlling interests	(4,621)	(4,494)	(2,344)	(2,196)
Direct result attributable to Vastned Retail shareholders	35,177	33,058	18,317	17,960

Indirect result

Value movements in property in operation	(19,457)	(26,531)	(34,073)	2,163
Total value movements in property	(19,457)	(26,531)	(34,073)	2,163

Net result on divestments of property	635	234	451	276
Value movements in financial derivatives	16,319	3,584	6,737	2,034
Abortive purchase costs	(719)	-	(49)	-
Indirect result before taxes	(3,222)	(22,713)	(26,934)	4,473

Movement deferred tax assets and liabilities	(231)	988	318	(54)
Indirect result after taxes	(3,453)	(21,725)	(26,616)	4,419
Indirect result attributable to non-controlling interests	(379)	3,072	185	658
Indirect result attributable to Vastned Retail shareholders	(3,832)	(18,653)	(26,431)	5,077

Result attributable to Vastned Retail shareholders	31,345	14,405	(8,114)	23,037
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Per share (€)

Direct result attributable to Vastned Retail shareholders	2.05	1.93	1.07	1.05
Indirect result attributable to Vastned Retail shareholders	(0.22)	(1.09)	(1.54)	0.29
Result attributable to Vastned Retail shareholders	1.83	0.84	(0.47)	1.34

EPRA PERFORMANCE-INDICATORS

The EPRA Best Practices Recommendations ('BPR') published by EPRA's Reporting and Accounting Committee contain recommendations for the determination of key performance indicators of the property portfolio. Vastned acknowledges the importance of standardising the reporting on performance indicators for the sake of comparability and improving the quality of the information provision to investors and other users. The financial statements in this chapter are presented in euros; amounts are rounded off to thousands of euros, unless stated differently.

EPRA performance-indicator ¹⁾	Table	(€ thousand)		per share (€)	
		2022	2021	2022	2021
EPRA Earnings	1	35,177	33,058	2.05	1.93
EPRA NRV	2	802,537	818,719	46.79	47.73
EPRA NTA	2	710,599	722,681	41.43	42.13
EPRA NDV	2	712,483	705,074	41.54	41.11
EPRA Net Initial Yield (NIY)	3 (i)	4.2%	3.9%		
EPRA 'topped-up' NIY	3 (ii)	4.3%	4.1%		
EPRA Vacancy Rate	4	1.5%	2.2%		
EPRA Cost Ratio (including direct vacancy costs)	5 (i)	20.9%	20.4%		
EPRA Cost Ratio (excluding direct vacancy costs)	5 (ii)	20.6%	19.9%		
Capital expenditure	6	4,616	3,026		
EPRA LTV ²⁾	7	45.6%			

1) The EPRA performance indicators have been calculated based on definitions as published by EPRA

2) Reported as per book year 2022 after the introduction of this new financial KPI during 2022 by EPRA

1. EPRA EARNINGS

(€ thousand)

	2022	2021
Result in accordance with consolidated IFRS profit and loss account	36,345	15,827
Value movements in property	19,457	26,531
Net result on divestments of property	(635)	(234)
Financial expenses	-	-
Value movements in financial derivatives	(16,319)	(3,584)
Movement in deferred tax assets and liabilities	231	(988)
Attributable to non-controlling interests	(4,621)	(4,494)
EPRA Earnings (A)	34,458	33,058
Abortive purchase costs	719	-
Company specific adjusted earnings	35,177	33,058
EPRA Earnings per share (EPS) (€) ((A) divided by 17.151.976 shares)	2.01	1.93
<i>Company specific adjustments</i>		
Abortive purchase costs (€)	0.04	-
Company specific adjusted earnings per share (€)	2.05	1.93

2. EPRA NET ASSET VALUE METRICS
(€ thousand)

	31 December 2022			31 December 2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity Vastned Retail shareholders	715,879	715,879	715,879	713,072	713,072	713,072
Hybrid instruments	-	-	-	-	-	-
Diluted NAV	715,879	715,879	715,879	713,072	713,072	713,072
Diluted NAV at fair value	715,879	715,879	715,879	713,072	713,072	713,072
Deferred taxes in relation to fair value gains of property	9,380	9,380	-	9,164	9,164	-
Fair value of financial derivatives	(14,374)	(14,374)	-	770	770	-
Intangible fixed assets	-	(286)	-	-	(325)	-
Fair value of fixed-rate interest-bearing debts	-	-	(3,396)	-	-	(7,998)
Real-estate transfer tax	91,652	-	-	95,713	-	-
NAV	802,537	710,599	712,483	818,719	722,681	705,074
Fully diluted number of shares	17,151,976	17,151,976	17,151,976	17,151,976	17,151,976	17,151,976
NAV per share (€)	46.79	41.43	41.54	47.73	42.13	41.11

	31 December 2022			31 December 2021		
	Fair value	As a percentage of total portfolio	Percentage of excluded deferred taxes	Fair value	As a percentage of total portfolio	Percentage of excluded deferred taxes
The portion of the portfolio that is subject to deferred taxes and that is intended to hold and not to sell in the long run	191,450	13	100	196,064	14	100

3. EPRA NET INITIAL YIELD EPRA TOPPED-UP NET INITIAL YIELD AS AT 31 DECEMBER

(€ thousand)

	Netherlands		France		Belgium		Spain		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Investment property	610,465	622,575	407,045	410,115	320,752	323,194	82,143	82,115	1,420,405	1,438,000
addition:										
Estimated transaction fees	54,936	58,554	29,326	29,183	8,019	8,268	2,138	2,561	94,420	98,566
Investment value of property (B)	665,401	681,129	436,371	439,298	328,771	331,462	84,281	84,676	1,514,825	1,536,566
Annualised gross rental income	32,271	31,032	15,628	14,480	18,616	17,200	3,330	2,945	69,846	65,658
Property outgoings	(4,438)	(4,260)	(659)	(539)	(1,411)	(1,320)	(195)	(199)	(6,704)	(6,318)
Annualised net rental income (A)	27,834	26,772	14,969	13,941	17,205	15,880	2,746	2,746	63,142	59,340
Effect of rent-free periods and other lease incentives	310	947	310	972	722	1,361	86	264	1,428	3,544
Topped-up annualised net rental income (C)	28,144	27,719	15,279	14,913	17,927	17,241	3,221	3,010	64,570	62,884
(i) EPRA Net Initial Yield (A/B)	4.2%	3.9%	3.4%	3.2%	5.2%	4.8%	3.7%	3.2%	4.2%	3.9%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.2%	4.1%	3.5%	3.4%	5.5%	5.2%	3.8%	3.6%	4.3%	4.1%

4. EPRA VACANCY RATE (€ thousand)

31 December 2022

	Gross rental income	Net rental income	Lettable floor area (m ²)	Annualised gross rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	30,581	26,839	102,546	32,271	596	31,282	1.9%
France	14,782	13,605	21,340	15,628	352	17,700	2.0%
Belgium	17,921	16,439	76,823	18,616	108	17,175	0.6%
Spain	3,093	2,809	2,990	3,330	-	3,284	0.0%
Total property	66,377	59,692	203,699	69,846	1,056	69,441	1.5%

31 December 2021

	Gross rental income	Net rental income	Lettable floor area (m ²)	Annualised gross rental income	Estimated rental value (ERV) of vacant properties	Estimated rental value (ERV)	EPRA Vacancy Rate
Netherlands	28,745	24,893	103,639	31,032	921	32,154	2.9%
France	13,482	12,862	21,340	14,480	454	17,435	2.6%
Belgium	17,232	16,228	76,823	17,200	135	17,071	0.8%
Spain	2,757	2,640	2,990	2,945	-	3,188	0.0%
Total property	62,216	56,623	204,792	65,658	1,510	69,848	2.2%

As at year-end 2022, the EPRA vacancy rate was 1.5%, 0.7% lowered compared to 2021. The lower vacancy was mainly attributable to lower (financial) vacancy in the Netherlands and Belgium.

5. EPRA COST RATIOS (€ thousand)

	2022	2021
General expenses	6,889	6,707
Operating expenses	7,033	5,942
Net service charge expenses	61	142
EPRA costs (including vacancy costs) (A)	13,983	12,791
Vacancy costs	(236)	(302)
EPRA costs (excluding vacancy costs) (B)	13,747	12,489
Gross rental income (C) ¹	66,786	62,706
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	20.9%	20.4%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	20.6%	19.9%

¹ Including other income of € 409 (2021: € 490).

In 2022, no operating expenses were capitalised (2021: nil). Vastned capitalises the operating expenses directly attributable to property under renovation during the period that the property under renovation is not available for letting. General expenses (overheads) are not capitalised.

6. CAPITAL EXPENDITURE

(€ thousand)	2022	2021
Acquisitions ¹⁾	1,947	-
Development	-	-
Like-for-like-portfolio ²⁾	2,669	3,026
Other	-	-
Total ³⁾	4,616	3,026

1) This amount concerns the acquisition of property in The Netherlands

2) Concerns improvements to several assets already held in various countries

3) Vastned has no interests in joint ventures.

7. EPRA LTV

(€ thousand)

	LTV under IFRS as reported without EPRA adjustments	Adjustments to arrive at EPRA Group LTV	Group EPRA LTV before share of JV's, material associates and NCI adjustment	Non-Controlling Interests (NCI)	EPRA LTV
Equity	795,951	-	795,951	(80,072)	715,879
Net debt Include:					
Borrowings from Financial Institutions	613,643	-	613,643	(27,750)	585,893
Net payables	-	14,223	14,223	(725)	13,498
Owner-occupied property (debt)	523	-	523	(53)	470
Other lease liabilities ⁴⁾	2,946	(2,946)	-	-	-
Exclude:					
Cash and cash equivalents	-	(723)	(723)	56	(667)
Net debt (A)	617,112	10,554	627,666	(28,472)	599,194
Investment property portfolio and other eligible assets:					
Owner-occupied property	-	531	531	(68)	463
Investment properties at fair value	1,420,406	-	1,420,406	(107,837)	1,312,569
Ground lease ⁴⁾	2,509	(2,509)	-	-	-
Intangibles	-	318	318	(32)	286
Total property portfolio and other eligible assets (B)	1,422,915	(1,660)	1,421,255	(107,937)	1,313,318
Group LTV (A/B)	43.4%		44.2%		45.6%

4) Line added to EPRA template in order to present Vastned's LTV under IFRS calculation (factually the calculation as agreed with the lenders)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2022

Contents

- Consolidated profit and loss account
- Consolidated statement of comprehensive income
- Consolidated balance sheet
- Consolidated statement of movements in equity
- Consolidated cash flow statement
- Selected notes

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ thousand)

	2022	2021
Net income from property		
Gross rental income	66,377	62,216
Other income	409	490
Net service charge expenses	(61)	(142)
Operating expenses	(7,033)	(5,942)
Net rental income	59,692	56,622
Value movements in property in operation	(19,457)	(26,531)
Total value movements in property	(19,457)	(26,531)
Net result on divestments of property	635	234
Total net income from property	40,870	30,325
Expenditure		
Financial income	13	36
Financial expenses	(12,018)	(11,906)
Value movements in financial derivatives	16,319	3,584
Net financing costs	4,314	(8,286)
General expenses	(6,890)	(6,707)
Abortive purchase costs	(719)	-
Total expenditure	(3,295)	(14,993)
Result before taxes	37,575	15,332
Current income tax expense	(855)	(633)
Movement in deferred tax assets and liabilities	(375)	1,128
Total income tax	(1,230)	495
Result after taxes	36,345	15,827
Result attributable to Vastned Retail shareholders	31,345	14,405
Result attributable to non-controlling interests	5,000	1,422
	36,345	15,827
Per share (€)		
Result	1.83	0.84
Diluted result	1.83	0.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ thousand)

	<u>2022</u>	<u>2021</u>
Result after taxes	36,345	15,827
Items not reclassified to the profit and loss account		
Remeasurement of defined benefit pension obligations	2,163	237
Other comprehensive income after tax	2,163	237
Comprehensive income	38,508	16,064
Attributable to:		
Vastned Retail shareholders	33,508	14,642
Non-controlling interests	5,000	1,422
	38,508	16,064

CONSOLIDATED BALANCE SHEET

(€ thousand)

	31 December 2022	31 December 2021
Assets		
Property in operation	1,419,335	1,435,783
Accrued assets in respect of lease incentives	3,580	4,857
Total property	1,422,915	1,440,640
Intangible fixed assets	318	374
Tangible fixed assets	759	867
Rights-of-use assets	531	675
Financial derivatives	14,979	27
Total fixed assets	1,439,502	1,442,583
Financial derivatives	154	-
Debtors and other receivables	12,730	11,087
Cash and cash equivalents	723	772
Total current assets	13,607	11,859
Total assets	1,453,109	1,454,442
Equity and liabilities		
Capital paid-up and called	95,183	95,183
Share premium reserve	468,555	468,555
Other reserves	120,796	134,929
Result attributable to Vastned Retail shareholders	31,345	14,405
Equity Vastned Retail shareholders	715,879	713,072
Equity non-controlling interests	80,072	78,927
Total equity	795,951	791,999
Deferred tax liabilities	9,449	9,074
Provisions in respect of employee benefits	3,644	6,052
Long-term interest-bearing loans	585,362	612,952
Long-term lease liabilities	3,213	3,393
Financial derivatives	-	1,212
Guarantee deposits and other long-term liabilities	4,541	3,912
Total long-term liabilities	606,209	636,595
Payable to banks	3,344	3,320
Redemption long-term loans	24,937	-
Short-term lease liabilities	278	263
Income tax payable	35	834
Other liabilities and accruals	22,355	21,431
Total short-term liabilities	50,949	25,848
Total equity and liabilities	1,453,109	1,454,442

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

(€ thousand)

	Paid up and called up capital	Share premium reserve	Other reserves	Result attributable to Vasted Retail shareholders	Equity Vastned Retail shareholders	Equity non- controlling interests	Total equity
Balance as at 1 January 2021	95,183	468,555	214,797	(41,340)	737,195	81,098	818,293
Result	-	-	-	14,405	14,405	1,422	15,827
Other comprehensive income	-	-	237	-	237	-	237
Comprehensive income	-	-	237	14,405	14,642	1,422	16,064
Final dividend for previous financial year in cash	-	-	-	(29,674)	(29,674)	(3,593)	(33,267)
Interim dividend 2021 in cash	-	-	(9,091)	-	(9,091)	-	(9,091)
Contribution from profit appropriation	-	-	(71,014)	71,014	-	-	-
Balance as at 31 December 2021	95,183	468,555	134,929	14,405	713,072	78,927	791,999
Result	-	-	-	31,345	31,345	5,000	36,345
Other comprehensive income	-	-	2,163	-	2,163	-	2,163
Comprehensive income	-	-	2,163	31,345	33,508	5,000	38,508
Final dividend for previous financial year in cash	-	-	-	(20,582)	(20,582)	(3,855)	(24,437)
Interim dividend 2022 in cash	-	-	(10,119)	-	(10,119)	-	(10,119)
Contribution from profit appropriation	-	-	(6,177)	6,177	-	-	-
Balance as at 31 December 2022	95,183	468,555	120,796	31,345	715,879	80,072	795,951

CONSOLIDATED CASH FLOW STATEMENT

(€ thousand)

	2022	2021
Cash flow from operating activities		
Result after taxes	36,345	15,827
Adjustments for:		
Value movements in property	19,457	26,531
Net result on divestments of property	(635)	(234)
Net financing costs	(4,314)	8,286
Income tax	1,230	(495)
Cash flow from operating activities before changes in working capital and provisions	52,083	49,915
Movement in current assets	116	6,114
Movement in short-term liabilities	547	678
Movement in provisions	(308)	(187)
	52,438	56,520
Interest received	13	36
Interest paid	(11,459)	(11,589)
Income tax paid	(1,656)	(683)
Cash flow from operating activities	39,336	44,284
Cash flow from investing activities		
Property acquisition	(1,947)	-
Capital expenditure on property	(3,028)	(2,464)
Divestments of property	2,280	17,905
Cash flow from property	(2,695)	15,441
Movement in other fixed assets	166	136
Cash flow from investing activities	(2,529)	15,577
Cash flow from financing activities		
Dividend paid	(30,700)	(38,765)
Dividend paid to non-controlling interests	(3,855)	(3,593)
Interest-bearing loans draw down	62	-
Redemption interest-bearing debt and lease liabilities	(2,992)	(17,576)
Movement in guarantee deposits and other long-term liabilities	629	(31)
Cash flow from financing activities	(36,856)	(59,965)
Net increase/(decrease) in cash and cash equivalents	(49)	(104)
Cash and cash equivalents as at 1 January	772	876
Cash and cash equivalents as at end of period	723	772

GENERAL

Vastned Retail N.V. (hereinafter also referred to as 'the company' or 'Vastned'), with its registered office in Amsterdam, the Netherlands, is a European listed property company (Euronext Amsterdam: VASTN) focusing on the best property on the popular high streets of selected European cities with a historic city centre, where shopping, living, working and leisure converge. Vastned's property clusters have a strong tenant mix of international and national retailers, hospitality businesses, residential tenants and office tenants. The properties are located in the Netherlands, France, Belgium and Spain.

Vastned is registered in the trade register of the Chamber of Commerce under number 24262564. Vastned is listed on the Euronext stock exchange in Amsterdam. The financial statements of Vastned comprise the Company and its subsidiaries (jointly referred to as 'the Group').

PRINCIPLES APPLIED IN THE PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS

The accounting policies used in this press release comply with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The financial statements are presented in euros; amounts are rounded off to thousands of euros, unless stated differently. Property and financial derivatives are valued at fair value. The other items in the financial statements are valued at historical or amortised cost.

In the presentation of the annual accounts the Executive Board has made judgements concerning estimates and assumptions which impact the figures included in the financial statements. The estimates and underlying assumptions concerning the future are based on historical experience and other relevant factors, given the circumstances on the balance sheet date. The actual results may deviate from these estimates. The estimates and underlying assumptions are evaluated regularly. Any adjustments are recognised in the period in which the estimate was reviewed, or if the estimate also impacts future periods, also in these future periods.

During 2022, none of the members of the Supervisory Board and Executive Board of Vastned Retail had a personal interest in the investments made by Vastned Retail. To Vastned Retail's best knowledge, no property transactions were effected during the period under review involving persons or institutions that could be regarded as parties with direct interests in Vastned Retail.

All reported data are unaudited. Unless otherwise indicated, financial information has been prepared in accordance with the accounting policies as stated in the Annual Report 2021 and the Semi-Annual Report 2022.

The financial statements have not yet been published in accordance with the statutory provisions and have not yet been adopted. The General Meeting of Shareholders at which the financial statements will be adopted is scheduled for 20 April 2023.

SEGMENTED INFORMATION

The segmented information is only presented based on the countries where the properties are located.

Result (€ thousand)

	Netherlands		France		Belgium		Spain		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net rental income	26,839	24,893	13,605	12,861	16,439	16,228	2,809	2,640	59,692	56,622
Value movements in property in operation	(13,981)	(17,769)	(3,040)	2,802	(2,560)	(10,312)	124	(1,252)	(19,457)	(26,531)
Net result on divestments of property	573	361	102	92	-	362	(40)	(582)	635	234
Total net income from property	13,431	7,485	10,667	15,755	13,879	6,278	2,893	806	40,870	30,325
Net financing costs									4,314	(8,286)
General expenses									(6,890)	(6,707)
Abortive purchase costs									(719)	-
Income tax									(1,230)	495
Result after taxes									36,345	15,826

Property in operation

(€ thousand)

	Netherlands		France		Belgium		Spain		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Balance as at 1 January	619,732	639,268	409,125	405,895	322,384	337,937	81,903	83,150	1,433,144	1,466,250
Acquisitions	1,947	-	-	-	-	-	-	-	1,947	-
Capital expenditure	2,091	2,394	533	506	45	117	-	5	2,669	3,022
Transferred to Assets held for sale	-	(1,300)	-	-	-	(2,185)	-	-	-	(3,485)
Divestments	(1,645)	(2,861)	-	(78)	-	(3,664)	-	-	(1,645)	(6,603)
Value movements	(13,980)	(17,769)	(3,040)	2,802	(2,393)	(9,821)	124	(1,252)	(19,289)	(26,040)
Balance as at 31 December	608,145	619,732	406,618	409,125	320,036	322,384	82,027	81,903	1,416,826	1,433,144
Accrued assets in respect of lease incentives	2,320	2,847	426	989	717	810	117	211	3,580	4,857
Appraisal value as at 31 December	610,465	622,579	407,044	410,114	320,753	323,194	82,144	82,114	1,420,406	1,438,001
Ground lease	2,400	2,400	-	-	109	239	-	-	2,509	2,639
Total property in operation	612,865	624,979	407,044	410,114	320,862	323,433	82,144	82,114	1,422,915	1,440,640

GROSS RENTAL INCOME

The table below shows the impact of COVID-19 on the gross rental income during 2022:

	2022	2021
Gross rental income before concessions	67,306	65,856
COVID-19 waivers ¹	(537)	(3,064)
Other rent concessions ²	(392)	(576)
Gross rental income after concessions	66,377	62,216

1) These concern subsequent waivers of rent arrears, not being lease modifications, that are charged to the gross rental income.

2) These concern concessions that, either with or without contract modifications, have been classified as a lease modification and are therefore straight-lined over the contract duration.

FAIR VALUE

The assets and liabilities valued at fair value on the balance sheet are divided into a hierarchy of three levels:

Level 1: The fair value is determined based on published listings in an active market

Level 2: Valuation methods based on information observable in the market

Level 3: Valuation methods based on information that is not observable in the market, which has a more than significant impact on the fair value of the asset or liability.

The table below shows according to which level the assets and liabilities of the Group are valued at fair value.

	Level	31 December 2022		31 December 2021	
		Book value	Fair value	Book value	Fair value
Assets valued at fair value					
Property					
Property in operation (including accrued assets in respect of lease incentives)	3	1,422,915	1,422,915	1,440,640	1,440,640
Financial derivatives	2	15,133	15,133	-	-
Liabilities valued at fair value					
Long-term liabilities					
Long term interest-bearing loans	2	585,362	589,385	612,952	619,228
Lease liabilities	2	3,213	2,614	3,393	4,993
Financial derivatives	2	-	-	1,212	1,212

DEBTORS AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
Debtors and pre-invoiced amounts	11,675	10,831
Provision for expected credit losses	(1,937)	(1,899)
Net total	9,738	8,932

The total debtors and pre-invoiced amounts, after deduction of the provision for expected credit losses, can be broken down as follows by the nature of the receivable:

	31 December 2022			31 December 2021		
	Gross amounts	Provision for expected credit losses	Net amounts	Gross amounts	Provision for expected credit losses	Net amounts
Accounts receivable unrelated to COVID-19	3,228	(1,601)	1,627	1,345	(947)	398
Accounts receivable related to COVID-19	552	(336)	216	1,855	(822)	1,033
Accounts receivable for which the debtor has been granted a deferred payment due to COVID-19	215	-	215	462	(130)	332
Pre-invoiced rent	7,654	-	7,654	7,152	-	7,152
Other receivables	26	-	26	17	-	17
Total	11,675	(1,937)	9,738	10,831	(1,899)	8,932

INTEREST-BEARING DEBTS

	31 December 2022	31 December 2021
Long-term liabilities		
Unsecured loans	585,362	612,952
Lease liabilities	3,213	3,393
	588,575	616,345
Short-term liabilities		
Payable to banks	3,344	3,320
Redemption long-term interest bearing loans	24,937	-
Lease liabilities	278	263
	28,559	3,583
Total	617,134	619,928

INTERESTS OF MAJOR INVESTORS¹⁾

Van Herk Investments B.V.	24.98%
Lebaras Belgium BVBA	5.10%
BlackRock, Inc.	4.88%
Tikehau Capital Advisors SAS	3.05%
ICAMAP Real Estate Securities Fund S.A.	3.01%

¹⁾ As at 31 December 2022, based on the the AFM register.