

HALF-YEAR REPORT 2023

Vastned reports continued strong operational performance in first half 2023
Outcome strategic reorientation: divesting parts of the portfolio will create most value for all stakeholders

Highlights H1 2023

- **Direct result H1 2023 of € 0.95 per share (€ 0.98 in H1 2022)**
- **Indirect result of € 1.59 negative per share (€ 1.32 positive in H1 2022)**
- **Occupancy rate of 98.2%, stable at a high level (98.5% in H1 2022)**
- **Like-for-like gross rental income increased by 7.4% (1.4% in H1 2022)**
- **Value of property portfolio slightly decreased by 1.8% compared with 31 December 2022**
- **Loan-to-value ratio of 44.7% as at 30 June 2023 (43.0% as at 30 June 2022)**
- **Interim dividend of € 0.57 per share; 60% pay-out ratio in line with dividend policy**
- **Outlook: Vastned reiterates its expected range of direct result of € 1.95 to € 2.05 per share for the full year 2023**
- **Outcome strategic reorientation: divesting parts of the portfolio will create most value for all stakeholders**

Hoofddorp, 27 July 2023 – Vastned, the listed European retail property company, continues its strong operational performance despite economic uncertainties. Vastned reports a direct result for H1 2023 of € 0.95 per share, in line with the € 0.98 per share reported in H1 2022 and a continued high occupancy rate at 98.2%. Like-for-like gross rental income increased by 7.4% as a result of indexation. The value of the property portfolio decreased by 1.8% during H1 2023, mainly reflecting higher yields in key markets based on the higher level of interest rates assumed. As a result, Vastned reports a € 1.59 negative indirect result per share for H1 2023.

Reinier Walta, Vastned CEO: *'We are pleased to deliver stable and predictable operational results for the ninth consecutive quarter. Our portfolio continues to attract a high level of tenant interest, also in these uncertain market circumstances, reflected in a high and stable occupancy rate. Given the robust results in the first half of 2023, we reiterate our outlook for 2023 and expect the direct result to be in the range of € 1.95 to € 2.05 per share.'*

As announced in February, we have conducted a strategic reorientation in the past months. We have undertaken a thorough process of evaluating and analysing the different strategic options for Vastned. Ultimately, we have concluded that divesting specific parts of our portfolio at the right price, will unlock immediate value for all our stakeholders, including shareholders. It will improve our balance sheet and financial ratios, which will create more flexibility to shape the future portfolio of Vastned. Furthermore, we will continue to explore a new structure, also in light of the dual listing and the potential upcoming changes to the Dutch FBI-regime.'

Outcome of strategic reorientation

In February 2023 Vastned announced a strategic reorientation in response to the combination of rising interest rates, increasing yields on retail real estate properties and the expected abolishment of the FBI regime as of 2025. The objective of this strategic reorientation is to unlock value for Vastned and its stakeholders and to shape a resilient, future-proof Vastned that has the flexibility to seize potential opportunities in the market when they occur.

Since February 2023, Vastned has undertaken a thorough and diligent analysis and evaluation of different strategic options. As a first step, Vastned mapped out the different options to realise its objective within the context of the current portfolio. Together with its financial advisors and in consultation with external experts, the Executive Board analysed the impact and feasibility of these options.

Included in this process were several categories: 1) Continuing 'as is'; 2) Divesting parts of the real estate portfolio; 3) A significant financial transaction (e.g. merger) with other real estate companies; 4) Adapting the structure of Vastned in light of the dual listing and the intentions to the abolishment of the Dutch FBI regime.

Subsequently, the different options have been scored against criteria such as value creation for Vastned and its stakeholders, including shareholders, improvements of the balance sheet of the company (e.g. loan to value), and feasibility of execution.

Based on this analysis, the Executive Board has concluded that divesting specific parts of its real estate portfolio will generate the most value for Vastned and its stakeholders. On the one hand, this will unlock immediate value and at the same time improve the balance sheet and financial ratios, which will create flexibility to seize future opportunities in the markets, while on the other hand making Vastned future proof delivering stable and predictable returns to its shareholders.

The Executive Board has therefore decided to start the divestment process in the coming period, with a tailored and pragmatic approach. Vastned has already identified properties that can be considered for divestment. As a next step, Vastned has started a selection process of brokers in various markets to explore divestment opportunities.

In the meantime, Vastned will also continue to explore how to create a structure that fits the size and nature of Vastned on the one hand - with a preferred single listing - and that will also mitigate the impact of the announced intention for the abolishment of the FBI regime in the Netherlands. Notwithstanding the uncertainty that has been cast over this intention by the recent collapse of the Dutch Government, Vastned believes it is prudent to prepare itself for the legislation to be enacted in the future.

Parallel to these strategic actions the Executive Board is in discussion with lenders on refinancing the outstanding debt, taking into account potential strategic scenarios.

Key parameters

The direct result of € 0.95 per share in H1 2023 was in line with last year's € 0.98. Compared with H1 2022, net rental income increased from € 28.8 million in H1 2022 to € 30.8 million in H1 2023 as a result of indexation.

The indirect result per share in H1 2023 was € 1.59 negative compared with € 1.32 positive in H1 2022. The negative indirect result in H1 2023 was mainly due to the decreased value of the property portfolio (1.8%) and the lower valuation of the financial derivatives as the increase in market interest rates eased, the time to maturity is shorter and pay-outs have been received. The occupancy rate remains at a high level with a minor decrease compared with H1 2022 from 98.5% to 98.2%, although it increased from the 97.9% rate seen in Q1 2023.

Results	H1 2023	H1 2022
Occupancy rate as at 30 June (%)	98.2	98.5
Like-for-like gross rental growth (%)	7.4	1.4
Value movements (%) ¹	(1.8)	1.0
Total appraisal value of the portfolio (€ million) ²	1,395	1,452
Direct result per share (€)	0.95	0.98
Indirect result per share (€)	(1.59)	1.32
Result per share (€)	(0.64)	2.30

1) Excluding acquisitions and divestments

2) Including assets held for sale

NOTES TO THE PROPERTY PORTFOLIO

Occupancy rate

The occupancy rate of the overall portfolio of 98.2% remained almost stable at a high level compared to 30 June 2022 (98.5%). The occupancy rate in the Netherlands decreased mainly due to the strategic relocation changes of Ziggo in Amsterdam and Vinted in Utrecht. Despite new lettings in France of Tezenis on 8 Avenue Jean Médecin in Nice and Le Nom on 19 Rue des Rosiers in Paris, the occupancy rate in France decreased to 97.1%. The decrease was primarily due to the departure of Semic Distribution on Rue des Archives in Paris. In Belgium, the occupancy rate remained stable. A new letting to New Balance on Calle Fuencarral 23 in Madrid ensures that the Spanish portfolio remains fully let.

Occupancy rate (%)	30 June 2023	31 Dec 2022	30 June 2022
Netherlands	98.0	98.3	98.3
France	97.1	97.9	98.1
Belgium	99.3	99.4	98.8
Spain	100.0	100.0	100.0
Total	98.2	98.6	98.5

Leasing activity

In the first six months of 2023, Vastned concluded 44 leases for a total annual amount of € 9.0 million, or 11.7% of the total theoretical annual gross rental income. On the 44 leases, Vastned realised a 1.4% rent increase. Vastned has signed new lettings to Tezenis on 8 Avenue Jean Médecin in Nice; Le Nom on 19 Rue des Rosiers in Paris; Elbenwald on Kalverstraat 9 in Amsterdam. Vastned also signed lease renewals with Jimmy Choo on Calle de José Ortega y Gasset in Madrid; H&M on Bondgenotenlaan 69 – 73 in Louvain and Zara on Schapenmarkt 17- 19 in 's-Hertogenbosch were also secured.

Leasing activity	H1 2023
Number of leases	44
Rental income (€ million)	9.0
% of total theoretical annual rent	11.7%
Rental change (€ million)	0.1
% rental change	1.4%

Appraisal value

The appraisal value of Vastned's total property portfolio was € 1.4 billion as at 30 June 2023, which is a decrease of 1.8% compared with year-end 2022.

Portfolio breakdown (€ million)	30 June 2023	% of total
Netherlands	593.3	42.5
France	400.5	28.7
Belgium	321.8	23.1
Spain	79.6	5.7
Total	1,395.2	100.0

Like for like appraisal value

All properties in operation are appraised at least once a year by independent certified appraisers. As of 30 June 2023, 98.1% of the portfolio was appraised. The like-for-like appraisal value of the property portfolio, excluding acquisitions and divestments, as of the end of June 2023, decreased by 1.8% compared with year-end 2022. The value changes of the portfolios in the Netherlands, France, Belgium and Spain were 2.8% negative, 1.6% negative, 0.3% positive and 3.2% negative, respectively.

Appraisal value (€ million)	HY 2023	vs FY 2022	FY 2022	vs FY 2021	FY 2021
Netherlands	593.3	(2.8%)	610.5	(1.7%)	620.9
France	400.5	(1.6%)	407.0	(0.7%)	410.1
Belgium	321.8	0.3%	320.8	(0.8%)	323.2
Spain	79.6	(3.2%)	82.1	0.0%	82.1
Total	1,395.2	(1.8%)	1,420.4	(1.1%)	1,436.3

Acquisitions and divestments

No acquisitions or divestments were made during the first half of 2023.

NOTES TO THE FINANCIAL RESULTS

Financial results (€ million)

	H1 2023	H1 2022
Direct result	16.3	16.9
Indirect result	(27.3)	22.6
Result attributable to Vastned Retail shareholders	(11.0)	39.5
Result attributable to non-controlling interests	2.5	2.8
Result after taxes	(8.5)	42.3

Result attributable to Vastned Retail shareholders

The result attributable to Vastned's shareholders, which comprises the direct and indirect results, was € 11.0 million negative in the first half of 2023 (H1 2022: € 39.5 million positive). The main cause was the decrease of the indirect result from € 22.6 million positive in H1 2022 to € 27.3 million negative in H1 2023. Within the indirect result, the value decrease of the property portfolio in the first half of 2023 amounted to € 26.5 million (H1 2022: value increase of € 14.6 million). As a result of easing increases in market interest rates, a shorter time to maturity and received pay-outs, the value movements of the financial derivatives were € 1.3 million negative in H1 2022 (H1 2022: € 9.6 million positive).

The direct result decreased from € 16.9 million in H1 2022 to € 16.3 million in H1 2023. Net rental income came out higher (€ 30.8 million in H1 2023 compared with € 28.8 million in H1 2022). However, net financing costs and general expenses increased which resulted in a slightly lower direct results.

Result per share

The result per share attributable to Vastned shareholders was € 0.64 negative in H1 2023 (H1 2022: € 2.30 positive).

The result comprises the direct result per share of € 0.95 (H1 2022: € 0.98) and the indirect result per share of € 1.59 negative (H1 2022: € 1.32 positive).

NET INCOME FROM PROPERTY

Gross rental income

The gross rental income was € 35.2 million in H1 2023 compared with € 32.8 million in H1 2022. A break-down of the movements per country is provided in the table below.

Total (€ thousand)	Netherlands	France	Belgium	Spain	Total
Gross rental income H1 2022	15,014	7,407	8,829	1,520	32,770
Acquisitions	78				78
Divestments	(47)				(47)
Like-for-like rental growth	1,285	345	639	150	2,419
Gross rental income H1 2023	16,330	7,752	9,468	1,670	35,220
Other income		156	34		190
Operating expenses	(3,012)	(656)	(761)	(200)	(4,629)
Net rental income H1 2023	13,318	7,252	8,741	1,470	30,781
Net rental income H1 2022	12,530	6,686	8,163	1,426	28,805
Operating expenses as % of gross rental income 2023	18.4	8.5	8.0	12.0	13.1
Operating expenses as % of gross rental income 2022	16.5	11.8	7.9	6.2	12.7

Acquisitions

No acquisitions were made during the first half of 2023. In 2022 Vastned acquired a property in the Netherlands for an amount of € 1.9 million. As a result of this acquisition, gross rental income increased by € 78 thousand in H1 2023.

Divestments

No divestments were made during the first half of 2023. In 2022 Vastned sold properties with a book value of € 1.6 million at the time of divestment. As a result of these divestments, gross rental income decreased by € 47 thousand in H1 2023.

Like-for-like gross rental growth

The like-for-like rental growth of the gross rental income was € 2.4 million positive compared with H1 2022 (7.4% positive). The like-for-like rental growth in the Netherlands, Belgium, France and Spain was € 1.3 million, € 0.6 million, € 0.3 million and € 0.2 million respectively, to a large extent a result of rent indexations.

Operating expenses (including net service charge expenses)

Total operating expenses increased from € 4.2 million in H1 2022 to € 4.6 million in H1 2023 mainly as a result of increased maintenance and letting costs.

Expressed as a percentage of the gross rental income, operating expenses were 13.1% in H1 2023 (H1 2022: 12.7%).

Value movements in property

The value movements in property in H1 2023 totalled € 26.5 million negative (H1 2022: € 14.6 million positive). The value decreases of the Dutch, French and Spanish property portfolios were € 18.1 million, € 6.8 million and € 2.7 million respectively. The value of the Belgian property portfolio increased by € 1.1 million.

EXPENDITURE

Net financing costs

The net financing costs, including value movements of financial derivatives, increased from € 3.7 million positive in H1 2022 to € 9.1 million negative in H1 2023. Developments regarding net financing costs are detailed in the table below.

Development of net financing costs (€ thousand)

Net financing costs H1 2022	3,707
Decrease due to lower average interest-bearing debt	31
Net increase due to higher average interest rate and changes in fixed/ floating interest rates and working capital	(1,914)
Increase of value movements in financial derivatives	(10,908)
Net financing costs H1 2023	(9,085)

Net financing costs decreased by € 31 thousand in H1 2023 due to a slightly lower average interest-bearing debt compared with H1 2022. The ratio fixed/floating interest within the loan portfolio as at 30 June 2023 is 71.6%/28.4%; due to the increased market interest rates, the average interest rate increased with 62 basis points from 1.89% in H1 2022 to 2.51% in H1 2023 pushing interest expenses up by € 1.9 million. As a result of the changes in the market interest rate, a shorter time to maturity and received pay-outs, the value movements of the interest rate derivatives were € 1.3 million negative in H1 2023 compared with € 9.6 positive in H1 2022.

General expenses

General expenses amounted to € 3.9 million in H1 2023 compared with € 3.4 million in H1 2022. This increase is mainly due to higher consultancy, legal and audit costs, amongst other matters related to the strategic reorientation, price indexations, governance matters and the (consequences of the) possible abolishment of the FBI regime as of 2025.

Current income tax expense

Income tax expenses for the regularly taxed entities in the Netherlands, Belgium and Spain amounted to € 0.5 million in H1 2023 (H1 2022: € 0.4 million).

Movement in deferred tax assets and liabilities

The movement in deferred tax assets and liabilities was € 0.6 million positive in H1 2023 (H1 2022: € 0.5 million negative). The decrease in the provision for deferred tax liabilities in H1 2023 was mainly due to value decreases of assets in the Netherlands and Spain that are held by regularly taxed entities.

ACCOUNTS RECEIVABLE

As at 30 June 2023, Vastned had a total accounts receivable position of € 11.5 million (30 June 2022: € 10.6 million), of which € 2.0 million was provided for (30 June 2022: € 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 (€ thousand)	Outstanding	Provision for expected credit losses	Total
Overdue accounts receivable	3,472	1,966	1,506
Accounts receivable for which deferments have been granted in the context of COVID-19	215	-	215
Pre-invoiced rent	7,776	-	7,776
Other	23	-	23
Total	11,486	1,966	9,520

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.

FINANCING STRUCTURE

Vastned strives to maintain a conservative financing structure, with a loan-to-value ratio of between 30% and 40% (on the long-term) and good diversification of financing sources; e.g. by placing long-term bond loans with institutional investors (including through private placements).

Financing structure	30 June 2023	30 June 2022
Loan-to-value (%)	44.7	43.0
Solvency ratio (%) ¹	53.9	55.6
Interest coverage ratio	4.4	4.9

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

As at 30 June 2023, Vastned has a loan-to-value ratio of 44.7% (31 December 2022: 43.0%) and a solvency ratio, being group equity plus deferred tax liabilities divided by the balance sheet total, of 53.8% (31 December 2022: 55.6%). The interest coverage ratio for the past 12 months was 4.4.

With a solvency ratio of 53.9% and an interest coverage ratio of 4.4, Vastned complies with the loan covenants. 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 30 June 2023

(€ million)	Fixed interest ²	Floating interest	Total	% of total
Long-term debt	429.9	160.2	590.1	95.0%
Short-term debt	15.0	16.2	31.2	5.0%
Total	444.9	176.4	621.3	100.0%
% of total	71.6%	28.4%	100.0%	

²) Taking into account interest rate derivatives.

As at 30 June 2023, 71.6% 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 34.6%, significantly above the internal target of 25%.

Given the unused credit facilities of € 117.4 million as at 30 June 2023, there is ample liquidity to fulfil short-term payment obligations.

DEVELOPMENT OF NET ASSET VALUE PER SHARE

As a result of the combined direct and indirect result per share of € 0.64 negative, the other movements of € 0.01 negative and the 2022 final dividend distribution of € 1.26 per share, the net asset value per share decreased from € 41.74 as at 31 December 2022 to € 39.83 as at 30 June 2023.

The EPRA NRV per share as at 30 June 2023 was € 45.59 compared with € 46.79 as at year-end 2022.

INTERIM DIVIDEND 2023

In line with the dividend policy, the interim dividend will be 60% of the direct result for the first half of the year. The direct result for H1 2023 is € 0.95 per share, as a result of which the interim dividend is set at € 0.57 per share. On 1 August 2023, the Vastned share will quote ex-dividend, and the interim dividend will be made payable on 16 August 2023.

EVENTS AFTER BALANCE SHEET DATE

In H1 2023 Vastned Belgium NV entered into an agreement to sell a property in Mons (Bergen). The sale of the non-strategic assets will be done against book value of € 0.3 million excluding costs and the transfer is scheduled for H2 2023.

OUTLOOK 2023

Barring unforeseen circumstances, Vastned re-iterates its expected range of direct results of € 1.95 to € 2.05 per share. Vastned's focus remains firmly on maintaining excellent operational performance and executing the actions that have come forward as the outcome of the strategic reorientation.

RESPONSIBILITY STATEMENT

In accordance with Article 5.25d of the Financial Supervision Act, the Executive Board states that, to the best of its knowledge:

- the consolidated interim financial statements give a true and fair view of the assets and liabilities, the financial position and the result of Vastned and its consolidated subsidiaries; and
- the interim report gives a true and fair view of the main events that occurred in the first six months of the financial year and their impact on the interim financial statements, gives a true and fair description of the main risks and uncertainties in the remaining six months of this financial year, and gives a true and fair overview of the main transactions with related parties.

The main risks and uncertainties for the remaining six months of this financial year have not been defined, though are identical to the 2022 Annual Report. These risks and uncertainties have been adequately described by the Executive Board to the best of its knowledge and to the extent known in the half-year report of the Management Board and the condensed interim consolidated financial statements.

Hoofddorp, 27 July 2023

Executive Board:
Reinier Walta, CEO

WEBCAST OF ANALYST MEETING

On 27 July 2023 at 10 am (CET), Vastned will provide an analyst presentation on the half-year 2023 results 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.

FINANCIAL CALENDAR

26 October 2023	before trading	9M trading update 2023
15 February 2024	before trading	FY Figures 2023
14 March 2024	before trading	Publication Annual Report 2023
25 April 2024		Annual General Meeting
16 May 2024	before trading	Q1 trading update 2024
25 July 2024	before trading	HY Figures 2024
24 October 2024	before trading	9M trading update 2024

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. The property portfolio had a size of approximately € 1.4 billion as at 30 June 2023.

Further information

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KEY FIGURES

Results (€ thousand)

	30 June 2023	31 December 2022	30 June 2022
Gross rental income	35,220	66,377	32,770
Direct result	16,298	35,177	16,860
Indirect result	(27,336)	(3,832)	22,599
Result	(11,038)	31,345	39,459

Balance sheet (€ thousand)

Property (appraisal value)	1,395,187 ¹	1,420,406	1,451,675
Equity	761,694	795,951	812,299
Equity Vastned Retail shareholders	683,077	715,879	734,387
Long-term liabilities	610,473	606,209	638,291
Solvency definition lenders (%)	53.9	55.4	55.6
Loan-to-value (%)	44.7	43.4	43.0
Interest coverage ratio	4.0 ²	5.0	4.9
Financial occupancy rate property portfolio (%)	97.1	96.9	97.4
Average number of shares in issue	17,151,976	17,151,976	17,151,976
Number of shares in issue (end of period)	17,151,976	17,151,976	17,151,976

Per share (€)

Equity Vastned Retail shareholders at beginning of period (including final dividend)	41.74	41.57	41.57
Final dividend previous financial year	(1.26)	(1.20)	(1.20)
Equity Vastned Retail shareholders at beginning of period (excluding final dividend)	40.48	40.37	40.37
Direct result	0.95	2.05	0.98
Indirect result	(1.59)	(0.22)	1.32
Result	(0.64)	1.83	2.30
Remeasurement of defined benefit obligation	(0.01)	0.13	0.14
Interim dividend	-	(0.59)	-
Equity Vastned Retail shareholders at end of period (including final dividend)	39.83	41.74	42.81

Share price (end of period) (€)

Share price (end of period) (€)	19.50	21.15	21.30
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Premium/(Discount) (%)

Premium/(Discount) (%)	(51.0)	(49.3)	(50.3)
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1) Including Assets held for sale of € 341 thousand

2) Interest Coverage ratio based on figures of Q2 2023. The ICR calculated over the past 12 months, required by covenants from lenders, is 4.4

DIRECT AND INDIRECT RESULT

(€ thousand)

	H1 2023	H1 2022
Direct result		
Gross rental income	35,220	32,770
Other income	190	203
Net service charge expenses	(28)	(39)
Operating expenses	(4,601)	(4,129)
Net rental income	30,781	28,805
Financial income	8	7
Financial expenses	(7,766)	(5,882)
Net financing costs	(7,758)	(5,875)
General expenses	(3,942)	(3,427)
Direct result before taxes	19,081	19,503
Current income tax expense	(463)	(404)
Movement in deferred tax assets and liabilities	126	38
Direct result after taxes	18,744	19,137
Direct result attributable to non-controlling interests	(2,446)	(2,277)
Direct result attributable to Vastned Retail shareholders	16,298	16,860
Indirect result		
Value movements in property in operation	(26,456)	14,616
Total value movements in property	(26,456)	14,616
Net result on divestments of property	-	184
Value movements in financial derivatives	(1,326)	9,582
Abortive purchase costs	-	(670)
Indirect result before taxes	(27,782)	23,712
Movement deferred tax assets and liabilities	488	(549)
Indirect result after taxes	(27,294)	23,163
Indirect result attributable to non-controlling interests	(42)	(564)
Indirect result attributable to Vastned Retail shareholders	(27,336)	22,599
Result attributable to Vastned Retail shareholders	(11,038)	39,459
Per share (€)		
Direct result attributable to Vastned Retail shareholders	0.95	0.98
Indirect result attributable to Vastned Retail shareholders	(1.59)	1.32
	(0.64)	2.30

EPRA PERFORMANCE-INDICATORS

EPRA performance-indicator	Table	(€ thousand)		per share (€)	
		H1 2023	H1 2022	H1 2023	H1 2022
EPRA Earnings	1	16,298	16,860	0.95	0.98
EPRA NRV	2	781,908	832,265	45.59	48.52
EPRA NTA	2	678,455	735,613	39.56	42.89
EPRA NDV	2	679,187	730,750	39.60	42.60
EPRA Net Initial Yield (NIY)	3 (i)	4.4%	4.0%		
EPRA 'topped-up' NIY	3 (ii)	4.5%	4.1%		
EPRA Vacancy Rate	4	2.1%	1.6%		
EPRA Cost Ratio (including direct vacancy costs)	5 (i)	24.2%	23.0%		
EPRA Cost Ratio (excluding direct vacancy costs)	5 (ii)	23.8%	22.7%		
Capital expenditure	6	1,505	373		
EPRA LTV	7	47.1%	45.0%		

1. EPRA EARNINGS

	H1 2023	H1 2022
Result in accordance with consolidated IFRS profit and loss account	(11,038)	39,459
Value movements in property	26,456	(14,616)
Net result on divestments of property	-	(184)
Financial expenses	-	-
Value movements in financial derivatives	1,326	(9,582)
Movement in deferred tax assets and liabilities	(488)	549
Attributable to non-controlling interests	42	564
EPRA Earnings	16,298	16,190
<i>Company specific adjustments</i>		
Abortive purchase costs	-	670
Company specific adjusted earnings	16,298	16,860
EPRA Earnings per share (EPS)	0.95	0.94
<i>Company specific adjustments</i>		
Abortive purchase costs	-	0.04
Company specific adjusted earnings per share	0.95	0.98

2. EPRA NAV METRICS

	30 June 2023			30 June 2022		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity Vastned Retail shareholders	683,077	683,077	683,077	734,387	734,387	734,387
Hybrid instruments	-	-	-	-	-	-
Diluted NAV	683,077	683,077	683,077	734,387	734,387	734,387
Diluted NAV at fair value	683,077	683,077	683,077	734,387	734,387	734,387
Deferred taxes related to fair value gains of property	8,888	8,888	-	9,706	9,706	-
Fair value of financial derivatives	(13,188)	(13,188)	-	(8,187)	(8,187)	-
Intangible fixed assets	-	(322)	-	-	(293)	-
Fair value of fixed-rate interest-bearing debts	-	-	(3,890)	-	-	(3,637)
Real Estate Transfer Tax	103,131	-	-	96,359	-	-
NAV	781,908	678,455	679,187	832,265	735,613	730,750
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	45.59	39.56	39.60	48.52	42.89	42.60

	30 June 2023			30 June 2022		
	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
Portfolio that is subject to deferred tax and intention is to hold and not to sell in the long run	189,214	14	100	199,454	14	100

3. EPRA NET INITIAL YIELD AND EPRA TOPPED-UP NET INITIAL YIELD PER 30 JUNE

	Netherlands		France		Belgium		Spain		Total	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Property	593,344	631,135	400,527	413,465	321,811	323,275	79,505	83,800	1,395,187	1,451,675
addition:										
Estimated transaction fees	67,637	58,391	27,636	29,964	8,056	8,586	2,582	2,381	105,911	99,322
Investment value of property (B)	660,981	689,526	428,163	443,429	329,867	331,861	82,087	86,181	1,501,098	1,550,997
Annualised gross rental income	34,739	32,288	15,935	15,509	19,391	18,005	2,944	2,978	73,009	68,780
Non-recoverable operating expenses	(5,156)	(5,123)	(738)	(588)	(1,273)	(1,401)	(207)	(186)	(7,375)	(7,298)
Annualised net rental income (A)	29,583	27,165	15,197	14,921	18,118	16,604	2,736	2,792	65,634	61,482
Effect of rent-free periods and other lease incentives	637	772	566	544	432	502	109	36	1,743	1,854
Topped-up annualised net rental income (C)	30,220	27,937	15,763	15,465	18,550	17,105	2,845	2,828	67,377	63,336
(i) EPRA Net Initial Yield (A/B)	4.5%	3.9%	3.5%	3.4%	5.5%	5.0%	3.3%	3.2%	4.4%	4.0%
(ii) EPRA Topped-up Net Initial Yield (C/B)	4.6%	4.1%	3.7%	3.5%	5.6%	5.2%	3.5%	3.3%	4.5%	4.1%

4. EPRA VACANCY RATE

30 June 2023

	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	16,330	13,318	102,546	34,739	745	28,511	2.6%
France	7,752	7,252	21,340	15,935	497	17,834	2.8%
Belgium	9,468	8,741	76,823	19,391	134	17,151	0.8%
Spain	1,670	1,470	2,990	2,944	-	3,443	-
Total property	35,220	30,781	203,699	73,009	1,376	66,939	2.1%

30 June 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	15,014	12,530	103,028	32,288	594	31,934	1.9%
France	7,407	6,686	21,340	15,509	303	17,383	1.7%
Belgium	8,829	8,163	76,823	18,005	221	17,321	1.3%
Spain	1,520	1,426	2,990	2,978	-	3,145	-
Total property	32,770	28,805	204,181	68,780	1,118	69,784	1.6%

5. EPRA COST RATIOS

	H1 2023	H1 2022
General expenses	3,942	3,427
Operating expenses	4,601	4,129
Net service charge expenses	28	39
EPRA costs (including vacancy costs) (A)	8,571	7,595
Vacancy costs	(151)	(126)
EPRA costs (excluding vacancy costs) (B)	8,420	7,469
Gross rental income (C)¹	35,410	32,973
(i) EPRA Cost Ratio (including vacancy costs) (A/C)	24.2%	23.0%
(ii) EPRA Cost Ratio (excluding vacancy costs) (B/C)	23.8%	22.7%

¹⁾ Including other income € 190 (HY1 2022 € 203).

6. CAPITAL EXPENDITURE

	H1 2023	H1 2022
Acquisitions	-	-
Development	-	-
Like-for-like-portfolio ¹	1,505	373
Other	-	-
	1,505	373

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

Vastned has no interests in joint ventures.

7. EPRA LOAN TO VALUE

	30 June 2023		
	Group EPRA LTV as reported before share of JV's, material associates and NCI adjustment	Non-Controlling Interests (NCI)	Combined and adjusted
Equity	761,694	(78,617)	683,077
Net debt			
<i>Include:</i>			
Borrowings from Financial Institutions	621,300	(29,314)	591,986
Net payables	15,489	(816)	14,673
Owner-occupied property (debt)	443	(43)	400
<i>Exclude:</i>			
Cash and cash equivalents	(1,136)	221	(915)
Net debt (a)	636,096	(29,952)	606,144
Investment property portfolio and other eligible assets			
Owner-occupied property	452	(55)	397
Investment properties at fair value	1,394,846	(107,877)	1,286,969
Properties held for sale	341	(118)	223
Intangibles	346	(24)	322
Total property portfolio and other eligible assets (b)	1,395,985	(108,074)	1,287,911
Group LTV (a/b)	45.6%		47.1%

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 2023

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)

	Note	H1 2023	H1 2022
Net income from property			
Gross rental income		35,220	32,770
Other income		190	203
Net service charge expenses		(28)	(39)
Operating expenses		(4,601)	(4,129)
Net rental income	4	30,781	28,805
Value movements in property in operation	4	(26,456)	14,616
Total value movements in property		(26,456)	14,616
Net result on divestments of property	4	-	184
Total net income from property		4,325	43,605
Expenditure			
Financial income		8	7
Financial expenses		(7,766)	(5,882)
Value movements financial derivatives	11	(1,326)	9,582
Net financing costs		(9,084)	3,707
General expenses		(3,942)	(3,427)
Abortive purchase costs		-	(670)
Total expenditure		(13,026)	(390)
Result before taxes		(8,701)	43,215
Current income tax expense		(463)	(404)
Movement in deferred tax assets and liabilities		614	(511)
Total income tax		151	(915)
Result after taxes		(8,550)	42,300
Result attributable to Vastned Retail shareholders		(11,038)	39,459
Result attributable to non-controlling interests		2,488	2,841
		(8,550)	42,300
Per share (€)			
Result		(0.64)	2.30
Diluted result		(0.64)	2.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(€ thousand)

	<u>H1 2023</u>	<u>H1 2022</u>
Result after taxes	(8,550)	42,300
Items not reclassified to the profit and loss account		
Remeasurement of defined benefit pension obligations	(153)	2,438
Other comprehensive income after tax	<u>(153)</u>	<u>2,438</u>
Comprehensive income	<u>(8,703)</u>	<u>44,738</u>
Attributable to:		
Vastned Retail shareholders	(11,191)	41,897
Non-controlling interests	2,488	2,841
	<u>(8,703)</u>	<u>44,738</u>

CONSOLIDATED BALANCE SHEET
(€ thousand)

	Note	30 June 2023	31 December 2022	30 June 2022
Assets				
Property in operation		1,394,106	1,419,335	1,450,127
Accrued assets in respect of lease incentives		3,286	3,580	4,181
Total property	4, 6, 7	1,397,392	1,422,915	1,454,308
Intangible fixed assets		346	318	333
Tangible fixed assets		849	759	796
Rights-of-use assets		452	531	593
Financial derivatives	11	13,779	14,979	8,406
Total fixed assets		1,412,818	1,439,502	1,464,436
Financial derivatives	11	28	154	-
Debtors and other receivables	8	14,408	12,730	12,797
Income tax receivable		354	-	-
Cash and cash equivalents		1,136	723	1,491
Total current assets		15,926	13,607	14,288
Total assets		1,428,744	1,453,109	1,478,724
Equity and liabilities				
Capital paid-up and called		95,183	95,183	95,183
Share premium reserve		468,555	468,555	468,555
Other reserves		130,377	120,796	131,190
Result attributable to Vastned Retail shareholders		(11,038)	31,345	39,459
Equity Vastned Retail shareholders		683,077	715,879	734,387
Equity non-controlling interests		78,617	80,072	77,912
Total equity		761,694	795,951	812,299
Deferred tax liabilities		8,835	9,449	9,585
Provisions in respect of employee benefits	9	3,627	3,644	3,310
Long-term interest-bearing loans	10	590,106	585,362	617,669
Long-term lease liabilities	10	3,111	3,213	3,333
Financial derivatives	11	-	-	8
Guarantee deposits and other long-term liabilities		4,794	4,541	4,386
Total long-term liabilities		610,473	606,209	638,291
Payable to banks	10	6,225	3,344	4,471
Redemption long-term loans	10	24,969	24,937	-
Short-term lease liabilities	10	285	278	263
Income tax payable		-	35	599
Other liabilities and accruals		25,439	22,355	22,801
Total short-term liabilities		56,918	50,949	28,134
Total equity and liabilities		1,429,085	1,453,109	1,478,724

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 2022	95,183	468,555	134,929	14,405	713,072	78,927	791,999
Result	-	-	-	39,459	39,459	2,841	42,300
Other comprehensive income	-	-	2,438	-	2,438	-	2,438
Comprehensive income	-	-	2,438	39,459	41,897	2,841	44,738
Final dividend for previous financial year in cash	-	-	-	(20,582)	(20,582)	(3,856)	(24,438)
Contribution from profit appropriation	-	-	(6,177)	6,177	-	-	-
Balance as at 30 June 2022	95,183	468,555	131,190	39,459	734,387	77,912	812,299
Balance as at 1 January 2023	95,183	468,555	120,796	31,345	715,879	80,072	795,951
Result	-	-	-	(11,038)	(11,038)	2,488	(8,550)
Other comprehensive income	-	-	(153)	-	(153)	-	(153)
Comprehensive income	-	-	(153)	(11,038)	(11,191)	2,488	(8,703)
Final dividend for previous financial year in cash	-	-	-	(21,611)	(21,611)	(3,943)	(25,554)
Contribution from profit appropriation	-	-	9,734	(9,734)	-	-	-
Balance as at 30 June 2023	95,183	468,555	130,377	(11,038)	683,077	78,617	761,694

CONSOLIDATED CASH FLOW STATEMENT
(€ thousand)

	Note	H1 2023	H1 2022
Cash flow from operating activities			
Result after taxes		(8,550)	42,300
Adjustments for:			
Value movements in property	4	26,456	(14,616)
Net result on divestments of property	4	-	(184)
Net financing costs		9,084	(3,707)
Income tax		(151)	915
Cash flow from operating activities before changes in working capital and provisions		26,839	24,708
Movement in current assets		(732)	(135)
Movement in short-term liabilities		1,200	2,099
Movement in provisions		(232)	(345)
		27,075	26,327
Interest received		8	7
Interest paid		(6,139)	(6,309)
Income tax paid		(852)	(639)
Cash flow from operating activities		20,092	19,386
Cash flow from investing activities			
Property Acquisition, values:		-	-
Capital expenditure on property		(1,478)	(1,198)
Divestments of property		-	829
Cash flow from property		(1,478)	(369)
Movement in other fixed assets		(181)	112
Cash flow from investing activities		(1,659)	(257)
Cash flow from financing activities			
Dividend paid	5	(21,611)	(20,582)
Dividend paid to non-controlling interests		(3,943)	(3,856)
Interest-bearing loans draw down		27,850	66,656
Redemption interest-bearing debt and lease liabilities		(20,569)	(61,102)
Movement in guarantee deposits and other long-term liabilities		253	474
Cash flow from financing activities		(18,020)	(18,410)
Net increase/(decrease) in cash and cash equivalents		413	719
Cash and cash equivalents as at 1 January		723	772
Cash and cash equivalents as at end of period		1,136	1,491

1. 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 property is 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 condensed interim financial statements of Vastned comprise the Company and its subsidiaries (jointly referred to as 'the Group').

The condensed interim financial statements were drawn up by the Executive Board and authorised for publication by the Supervisory Board on 26 July 2023.

2. PRINCIPLES APPLIED IN THE PRESENTATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim consolidated financial statements are presented in euros; amounts are rounded off to thousands of euros, unless stated differently. These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union. The condensed interim financial statements do not contain all the information required for full financial statements, and therefore should be read in conjunction with the 2022 consolidated financial statements. The principles applied in the preparation of the condensed interim consolidated financial statements are consistent with the principles set out in the annual report for the 2022 financial year, with the exception of the application of new standards and interpretations described below. The most relevant principles applied in these statements are also included below.

Valuation of property

All the property in operation is appraised at least once per year by independently certified appraisers. These appraisals are based on assumptions including the estimated rental value of the property in operation, net rental income, future capital expenditure and the net market yield of the property. As a result, the value of the property in operation is subject to a degree of uncertainty. The actual outcomes may therefore differ from the assumptions, and this may have a positive or negative effect on the value of the property in operation and, as a consequence, on the result.

Debtors and provision for expected credit losses

Debtors and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less expected credit losses. The expected credit losses on financial assets are determined on the basis of the expected credit loss method (ECL). For Debtors and other receivables, the Group applies the simplified approach of the calculation method for the ECL on the basis of expected credit losses over the economic life. The Group employs a provisions matrix for the calculation of expected credit losses on receivables. The provision rates are based on the historical credit loss experience of the Group, corrected for forward-looking factors that are specific to the debtors and the economic environment.

Income from operational lease contracts

In the accounting of the lease income in the case of an operating lease, the Group considers what can reasonably be expected concerning the performance and the effect of the lease contract, including the most probable lease term, partly based on specifically agreed matters and economic circumstances and incentives. The covid pandemic did not affect 2023, but it did affect the comparative figures. Therefore, the detailed disclosure below and in note 8.

The continuing impact of the COVID-19 pandemic during the first quarter of 2022 by means of concessions granted to tenants, is accounted for in accordance with IFRS 9, with the exception of cases in which a concession qualifies as a lease modification. In that case IFRS 16 applies. The group distinguishes the following categories (in 2022):

- **Waiver of rent arrears after due date of the invoice**

Waivers are charged to the gross rental income.

- **Expected uncollectability of rent receivables for which no arrangements have (as yet) been made**

Recognition as expected credit losses through application of the simplified approach in accordance with IFRS 9, see also the principle 'Debtors and provision for expected credit losses'. The expected impact of the ongoing negotiations on receivables is recognised as an impairment and taken directly to the profit and loss account as part of the operating expenses. For further explanation, reference is made to note 8.

- **Waivers of rent in advance and/or waivers in conjunction with contract modifications**

These concessions qualify as a lease modification under IFRS 16 and are straight-lined over the new minimum duration of the lease and deducted from the gross rental income.

Going concern

The accounting principles applied to the valuation of assets and liabilities and the determination of the result in these condensed interim consolidated financial statements are based on the assumption of continuity (going concern) of the company.

New or amended standards and interpretations that became effective on 1 January 2023

The amended standards and interpretations that came into effect in 2023 are listed below.

- **Amendments to IFRS 9, IAS 8, IAS 12**

- IFRS 9: The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
- IAS 8: The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- IAS 12: The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

New or amended standards and interpretations not yet adopted by the European Union

The following standards, amended standards and interpretations that have not yet been adopted by the European Union are therefore not yet being applied by the Group:

- **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non Current**
(if adopted, effective for financial years starting on or after 1 January 2024)
- **Amendments to IFRS 16 Lease Liability in a sale and**
(effective 1 January 2024)

The Executive Board does not expect the application in future periods of the standards mentioned above will have any material impact on the financial statements and/or the position of the Group, or on the presentation and/or the notes.

3. SCOPE OF CONSOLIDATION

During the first half of 2023 no changes in the scope of consolidation occurred.

Vastned holds a 65.5% interest in the publicly regulated property company under Belgian law Vastned Retail Belgium NV, which is listed on Euronext Brussels. The 34.5% interest in the equity and the result of this company attributable to non-controlling interests is recognised separately in the balance sheet and the profit and loss account.

Vastned has a 100% interest in and full control over all its other subsidiaries.

4. SEGMENTED INFORMATION

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

Result

	Netherlands		France		Belgium		Spain		Total	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Net rental income	13,318	12,530	7,252	6,686	8,741	8,163	1,470	1,426	30,781	28,805
Value movements in property in operation	(18,089)	9,497	(6,837)	3,329	1,140	80	(2,669)	1,710	(26,456)	14,616
Net result on divestments of property	-	184	-	-	-	-	-	-	-	184
Total net income from property	(4,771)	22,211	415	10,015	9,881	8,243	(1,199)	3,136	4,325	43,605
Net financing costs									(9,084)	3,707
General expenses									(3,942)	(3,427)
Abortive purchase costs									-	(670)
Income tax									151	(915)
Result after taxes									(8,550)	42,300

Property in operation

	Netherlands		France		Belgium		Spain		Total	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Balance as at 1 January	608,145	619,728	406,619	409,125	320,035	322,392	82,026	81,904	1,416,825	1,433,149
Acquisitions	-	-	-	-	-	-	-	-	-	-
Capital expenditure	1,087	41	331	256	87	76	-	-	1,505	373
Transferred from Assets held for sale	-	-	-	-	-	-	-	-	-	-
Transferred to Assets held for sale	-	-	-	-	(341)	-	-	-	(341)	-
Divestments	-	(645)	-	-	-	-	13	-	13	(645)
	609,232	619,124	406,950	409,381	319,781	322,468	82,039	81,904	1,418,002	1,432,877
Value movements	(18,090)	9,497	(6,837)	3,329	1,154	80	(2,669)	1,711	(26,442)	14,617
Balance as at 30 June	591,142	628,621	400,113	412,710	320,935	322,548	79,370	83,615	1,391,560	1,447,494
Accrued assets in respect of lease incentives	2,202	2,513	414	756	535	726	135	186	3,286	4,181
Appraisal value as at 30 June	593,344	631,134	400,527	413,466	321,470	323,274	79,505	83,801	1,394,846	1,451,675
Ground lease	2,400	2,404	-	-	146	230	-	-	2,546	2,633
Total property in operation	595,744	633,538	400,527	413,465	321,616	323,504	79,505	83,801	1,397,392	1,454,308

5. DIVIDEND

On 4 May 2023, the dividend for the 2022 financial year was made payable. The dividend was € 1.26 per share in cash (2022: € 1.20 per share in cash). The dividend distribution totalled € 21.6 million (2022: € 20.6 million).

6. 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	30 June 2023		31 December 2022		30 June 2022	
		Book value	Fair value	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	1,397,392	1,397,392	1,422,915	1,422,915	1,454,308	1,454,308
Financial derivatives	2	13,779	13,779	14,979	14,979	8,406	8,406
Liabilities valued at fair value							
Long-term liabilities							
Long term interest-bearing loans	2	590,106	605,392	585,362	589,385	617,669	614,284
Lease liabilities	2	3,111	2,419	3,213	2,614	3,333	2,967
Financial derivatives	2	-	-	-	-	8	8

In the first half of 2023 no changes took place in the principles for the determination of the fair value. Nor were any financial assets reclassified to a different level in the first half of 2023.

The value of the Assets held for sale is determined on the basis of expected sales prices, which are based on draft contracts or letters of intent. The fair value of the 'Long-term interest-bearing loans' and the 'Lease liabilities' is calculated as the present value of the cash flows based on the swap yield curve and credit spreads in effect at 30 June 2023.

The fair value of the derivatives is determined with reference to information from reputable financial institutions, which is also based on directly and indirectly observable market data. For verification purposes, this information is compared with internal calculations made by discounting cash flows based on the market interest rate for comparable financial derivatives on the balance sheet date. When determining the fair value of financial derivatives, the credit risk of the Group or counterparty is taken into account.

The fair value of the 'Debtors and other receivables', 'Cash and cash equivalents', 'Guarantee deposits and other long-term liabilities', 'Payable to banks', 'Redemption of long-term interest-bearing loans', 'Short-term lease liabilities' and 'Other liabilities and accruals' is considered to be equal to the carrying amount because of the short-term nature of these assets and liabilities or the fact that they are subject to a floating interest rate. For this reason, these items are not included in the table.

7. PROPERTY

All the property in operation is appraised at least once per year by independent certified appraisers. As at 30 June 2023, 98.1% of the portfolio has been appraised. These appraisals are based on assumptions including the estimated rental value of the property in operation, net rental income, future capital expenditure and the net market yield of the property. As a result, the value of the property in operation is subject to a degree of uncertainty. The actual outcomes may therefore differ from the assumptions, and this may have a positive or negative effect on the value of the property in operation and, as a consequence, on the result. Due to the strategic choice for the best properties in the most popular high streets, the current crisis has had a limited impact on the valuation of our property.

Our appraisers, CBRE and Cushman & Wakefield, have the largest database in Europe in the area of retail properties. They are best placed in the present appraisal market to minimise the estimation uncertainty and assign a correct value to Vastned's property portfolio.

The appraisal of the property portfolio resulted in a net yield (including transaction costs) of 4.5% (31 December 2022: 4.2%; 30 June 2022: 4.1%).

A 25 basis point increase in the net yields used in the appraisal values would result in a decrease in the value of the property in operation by € 75.3 million or 5.4% (31 December 2022: € 80.3 million or 5.7%; 30 June 2022: € 85.2 million or 5.9%), a 255 basis points increase in the loan-to-value ratio (31 December 2022: 259 basis points; 30 June 2022: 268 basis points) and a decrease of the solvency ratio by 256 basis points (31 December 2022: 261 basis points). At 50 basis points this would be € 142.7 million or 10.2% and 508 and 511 basis points respectively.

A 5% decrease of the market rents used in the appraisal values would result in a decrease in the value of the property portfolio by € 69.8 million or 5%, a rise of the loan-to-value ratio by 235 basis points and a decrease of the solvency ratio by 237 basis points (31 December 2022: € 71.0 million or 5%, a rise of the loan-to-value ratio by 228 basis points and a decrease of the solvency ratio by 229 basis points). At 10% this would be this would be € 139.5 million or 10% and 496 and 498 basis points respectively.

For further information on the property portfolio please refer to the chapter Value movements in the 2023 half-year report.

8. DEBTORS AND OTHER RECEIVABLES

	30 June 2023	31 December 2022	30 June 2022
Debtors and pre-invoiced amounts	11,486	11,675	10,598
Provision for expected credit losses	(1,966)	(1,937)	(1,924)
Net total debtors	9,520	9,738	8,674
Other receivables	4,888	2,992	4,123
Debtors and other receivables	14,408	12,730	12,797

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:

	30 June 2023			31 December 2022		
	Gross amounts	Provision for expected credit losses	Net amounts	Gross amounts	Provision for expected credit losses	Net amounts
Accounts receivable	3,472	(1,966)	1,506	3,780	(1,937)	1,843
Accounts receivable for which the debtor has been granted a deferred payment	215	-	215	215	-	215
Pre-invoiced rent	7,776	-	7,776	7,654	-	7,654
Other receivables	23	-	23	26	-	26
Total	11,486	(1,966)	9,520	11,675	(1,937)	9,738

	30 June 2022		
	Gross amounts	Provision for expected credit losses	Net amounts
Accounts receivable	2,789	(1,924)	865
Accounts receivable for which the debtor has been granted a deferred payment	235	-	235
Pre-invoiced rent	7,504	-	7,504
Other receivables	70	-	70
Total	10,598	(1,924)	8,674

The Group determines the provision for expected credit losses by applying the simplified approach in accordance with IRFS 9. Expected credit losses on rent receivables are estimated by means of a provisions matrix based on the debtors' past payment behaviour, and based on an analysis by country, in conjunction with an analysis of the debtors' current financial position corrected for factors that are specific to the debtors, the status of the negotiations regarding rent payments that are past due, the economic circumstances of the industry in which the debtors are active, and an assessment of both current and expected circumstances on the balance sheet date. The dotation of provision for expected credit losses in 2023 was € 29 thousand (2022: € 0.2 million release).

9. PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS

As a result of the movement in the discount rate in the first half of 2023, the defined benefit pension obligation was recalculated, in line with the first half of 2022. This has resulted in an increase of the defined benefit pension obligation of € 0.1 million (first half 2022: € 2.4 million decrease).

10. INTEREST-BEARING DEBTS

	30 June 2023	31 December 2022	30 June 2022
Long-term liabilities			
Unsecured loans	590,106	585,362	617,669
Lease liabilities	3,111	3,213	3,333
	593,217	588,575	621,002
Short-term liabilities			
Payable to banks	6,225	3,344	4,471
Redemption long-term interest bearing loans	24,969	24,937	-
Lease liabilities	285	278	263
	31,479	28,559	4,734
Total	624,696	617,134	625,736

In the first half of 2023 Vastned has not drawn new financing. In the first half of 2023 Vastned redeemed, taking into account the distribution of the final dividend 2022, on balance an amount of € 1.0 million from its existing credit facilities.

At 30 June 2023, the solvency ratio, calculated by taking equity plus the provision for deferred tax liabilities divided by the balance sheet total, was 53.9% (31 December 2022: 55.4%; 30 June 2022: 55.6%), which is within the solvency ratios of at least 45% as agreed with the lenders.

The interest coverage ratio as at 30 June 2023 was 4.0 (31 December 2022: 4.9; 30 June 2022: 4.6) (calculated by taking net rental income and dividing it by net financing costs (excluding value movements in financial derivatives)), which was well above the 2.0 ratio agreed with lenders.

In the event that the limits of the solvency rates and interest coverage rates agreed with the lenders are not met, this constitutes an 'event of default'; in this case the lenders are entitled to terminate the credit agreements.

Interest rate sensitivity

As at 30 June 2023, the impact on the interest expense of a hypothetical 100-basis-point increase in interest rates – all other factors remaining equal – would be € 1.7 million negative (31 December 2022: € 1.7 million negative). Should interest rates increase by 200 basis points as at this date – all other factors remaining equal – the impact on the interest expense would be € 3.5 million negative (31 December 2022: € 3.4 million negative). As several loans contain a clause stipulating that the interest rate may not be negative, a 100-basis-point decrease in interest rates would have a negative impact on the interest expense. The impact referred to has been calculated on an annual basis, taking into account the financial derivatives entered into.

For further information about interest-bearing debts reference is made to the chapter Financing structure in the 2023 half-year report.

11. FINANCIAL DERIVATIVES

As a result of the changed market interest rates, the value movements of the interest rate derivatives during H1 2023 were € 1.3 million negative (FY 2022: € 16.3 million positive, H1 2022: € 9.6 million positive).

For further information about the financial derivatives reference is made to the chapter Financing structure in the 2023 half-year report.

12. RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

In the past companies have been acquired that owned property. These acquisitions were recognised as a takeover of assets. The provisions for deferred tax liabilities not recorded in the balance sheet total € 14.9 million (2021: € 14.1 million).

13. EVENTS AFTER BALANCE SHEET DATE

In H1 2023 Vastned Belgium NV entered into an agreement to sell a property in Mons (Bergen). The sale of the non-strategic assets will be done against book value of € 0.3 million excluding costs and the transfer is scheduled for H2 2023.

14. RELATED PARTY TRANSACTIONS

No material changes have occurred in the first half of 2023 in the nature, scope or size of the transactions with related parties compared with what is stated in the notes to the 2022 financial statements.

During the first half of 2023, none of the members of the Supervisory Board and Executive Board of Vastned had any personal interest in Vastned's investments. To Vastned's best knowledge, no property transactions were affected during the period under review involving persons or institutions that could be regarded as related parties.

Interests of major investors

At the time of writing of this half-year report the Netherlands Authority for the Financial Markets (AFM) had received the following notifications from shareholders holding an interest in Vastned of three percent or more:

Van Herk Investments B.V.	24.98%
Lebaras Belgium BVBA	5.10%
BlackRock, Inc.	4.88%
Tikehau Capital Advisors SAS	3.05%
Société Fédérale de Participations et d'Investissement (SFPI)	3.02%
ICAMAP Real Estate Securities Fund S.A.	3.01%