ANNUAL REPORT 2011

vastned
Venues for Premium Shopping

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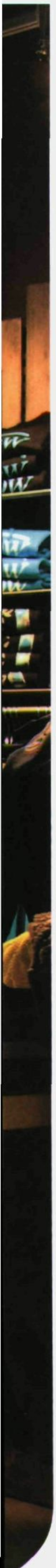
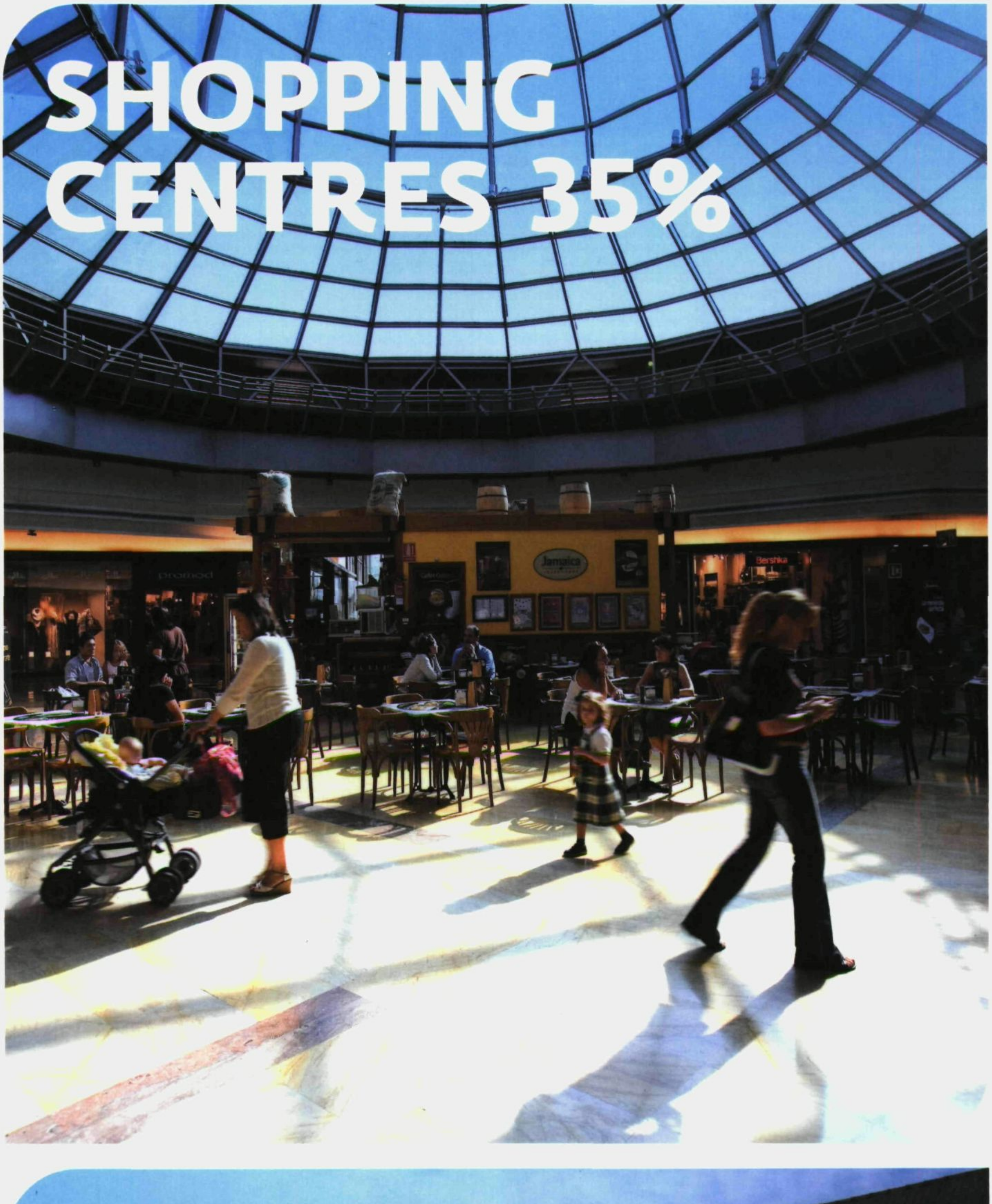
HIGH STREET SHOPS 49%



SHOPPING CENTRES 35%



RETAIL WAREHOUSES 15%

KEY FIGURES

	2011	2010	2009	2008	2007
Results (x € 1 million)					
Gross rental income	132.5	126.6	130.6	132.0	120.6
Direct investment result	67.0	67.8	68.6	60.9	64.4
Indirect investment result	29.1	31.4	(130.0)	(112.0)	180.1
Investment result	**96.1**	**99.2**	**(61.4)**	**(51.1)**	**244.5**
Balance sheet (x € 1 million)					
Investment properties	2,129.0	1,995.5	1,861.4	2,014.8	2,093.1
Equity	1,105.7	1,074.9	1,035.1	1,094.4	1,214.9
Equity Vastned Retail shareholders	1,000.4	975.6	939.1	998.2	1,135.8
Long-term liabilities	835.7	686.9	673.6	690.5	617.3
Average number of ordinary shares in issue	18,574,595	18,409,519	17,028,420	16,399,050	16,706,552
Number of ordinary shares in issue (at year-end)	18,621,185	18,495,220	18,265,213	16,417,526	16,362,097
Per share (x € 1)					
Equity Vastned Retail shareholders at beginning of year (including dividend)	52.75	51.42	60.80	69.42	57.93
Final dividend previous financial year	(2.58)	(2.78)	(2.68)	(2.73)	(2.60)
Equity Vastned Retail shareholders at beginning of year (excluding dividend)	**50.17**	**48.64**	**58.12**	**66.69**	**55.33**
Direct investment result	3.61	3.68	4.03	3.71	3.85
Indirect investment result	1.56	1.71	(7.64)	(6.82)	10.79
Investment result	**5.17**	**5.39**	**(3.61)**	**(3.11)**	**14.64**
Other movements	(0.53)	(0.18)	(1.84)	(1.61)	0.57
Interim dividend	(1.09)	(1.10)	(1.25)	(1.17)	(1.12)
Equity Vastned Retail shareholders at year-end	**53.72**	**52.75**	**51.42**	**60.80**	**69.42**
Share price (at year-end)	34.60	51.98	45.835	36.00	65.70
Dividend in cash	3.61	3.68	4.03	3.85	3.85
or in cash	1.09	2.43	2.35	2.02	2.47
and in shares charged to the share premium reserve	[1]	2.56%	4.00%	5.56%	2.13%
Dividend yield as a percentage of equity Vastned Retail shareholders at beginning of year (excluding dividend)	7.2	7.6	6.9	5.8	7.0
Solvency ratio (in %)	52.6	54.6	55.9	55.5	59.1
Loan-to-value (in %)	43.1	41.4	39.9	41.2	38.3

1 A percentage of shares yet to be determined, charged to the share premium reserve.

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SUPERVISORY BOARD

W.J. Kolff, chairman
N.J. Westdijk, vice-chairman *
P.M. Verboom **
J.B.J.M. Hunfeld

* Chairman remuneration committee
** Chairman audit committee

BOARD OF MANAGEMENT

T.T.J. de Groot, CEO
T.M. de Witte, CFO
Vastned Management B.V.

VASTNED RETAIL SHARE

Quotation: NYSE Euronext Amsterdam
ISIN: NL0009842509
Ticker: VASTN.NL

This is the English 2011 annual report. The Dutch version is available on our website only in PDF-format. In case of inconsistencies, the Dutch version shall prevail.

FINANCIAL CALENDAR 2012

Wednesday 2 May 2012
General meeting of shareholders

Friday 4 May 2012
Ex final dividend listing 2011
(record date: Tuesday 8 May 2012)

Friday 4 May up to and including Friday 18 May 2012
Option period final dividend 2011

Wednesday 9 May 2012
Press release first quarter results 2012*
Analysts conference call/webcast

Monday 21 May 2012
Payment date final dividend 2011

Thursday 2 August 2012
Press release semi-annual results 2012*
Analysts meeting/webcast

Monday 6 August 2012
Ex interim dividend listing 2012
(record date Wednesday 8 August 2012)

Monday 27 August 2012
Payment date interim dividend 2012

Friday 2 November 2012
Press release nine months' figures 2012*
Analysts conference call/webcast

* Before trading

ANNUAL REPORT 2011

PREFACE CEO

Venues for Premium Shopping: the place to be and the way to go

Taco de Groot

Dear Vastned investors, tenants, employees and other business relations,

Without a doubt, 2011 will go down in history as a year of crucial milestones for the future development of Vastned. A year in which we terminated our management partnership with VastNed Offices/ Industrial, in which the economy and the Euro were shaken to their very foundation and the year in which we introduced our sharpened strategy. Using the gripping slogan 'Venues for Premium Shopping', we presented a strategy designed to produce greater quality, greater stability and greater predictability. The focus on the one hand is on substantially increasing the share of inner city retail property within our portfolio and on the other hand putting the tenant even more at the centre of our actions.

The strategy calling for a focus on quality cannot be viewed independently from economic and market trends. While some at the end of 2010 were cautiously hoping for a slight recovery in 2011, we were all abruptly brought back down to earth due to the financial and Euro crises. Newspapers ran out of space in their efforts to give the bad economic news sufficient coverage. The results, for retailers as well as investors, were not exactly positive.

Given the circumstances, it is up to us to pursue a solid and robust policy that at the same time is sufficiently flexible in terms of its ability to anticipate unexpected conditions.

A CHANGING MARKET

The retail market has been undergoing serious changes for some time, such as the greying population and the persistent growth and impact of e-commerce. Furthermore, it would appear that the financial crisis is also going to have a structural impact on the retail sector. Apart from that, it is difficult to come to a final assessment concerning the sector, because any such assessment in fact depends on

the quality of each individual formula. There are still many retail brands that are doing well and that attract customers, and retailers that also during economic downturns are pursuing a strategy of expansion with their successful formula.
An important development is the fact that shopping increasingly has become a form of quality time for consumers. Consumers are increasingly looking for a unique and authentic shopping experience and retailers are anticipating this trend. Tenants are therefore choosing more than ever the best locations on the most popular high streets and in large shopping centres, because these are the places where a high footfall and consumer spending converge.

More selective consumers and retailers are the cause for Vastned to apply a stricter definition of 'high street' within its portfolio, as a result of which the so-called feeder streets and newly developed shopping districts no longer qualify to be designated as high street properties. Based on the more qualitative definition of high street that we introduced in September, 49% of Vastned's current property portfolio consists of high street locations, compared with 55% in accordance with the old definition. Vastned's goal is to increase the share of high streets in its property portfolio from 49% to 65%.

RESILIENCE

Further study shows that the value of property on high streets is more resilient due to the more rapid growth of rents and a higher occupancy rate. From 2008 to mid-2011, the total annual return on Vastned's high street retail property was 7.6% compared with 4.9% on non-high street retail property. This confirms Vastned's sharpened strategy calling for the development of a strong retail property portfolio on the most popular high streets combined with an organisation that strives for a pronounced focus on the tenant.

It is our ambition to use € 100 to € 200 million each year for making selective acquisitions in our core markets. A reassessment of the portfolio in 2011 furthermore has resulted in the designation of € 90 million in property for disposal over the coming two years. It is evident that we will work this out in a realistic and practical way. Furthermore, there are ample opportunities in the market for making acquisitions, but we remain extremely critical in terms of realising any opportunities. We can make a balanced assessment at all times; we do not 'have to act'.

The sharpened direction also includes the further optimisation of the conservative financing strategy by diversifying the financing. Aside from the current bank financing, Vastned will allow the alternative financing share (such as private placements) to increase to approximately 25% of the loan portfolio. Furthermore, the aim will be to achieve a spread in lenders, whereby an individual lender will not account for more than 25% of the total loan portfolio. In addition, Vastned will extend the term of its loan portfolio by attracting long term loans. The target is to maintain the loan-to-value at between 40% and 45%, whereby it will be possible to (temporarily) deviate from this should attractive investment opportunities arise.
In the autumn we were still able to renew six bank loans totalling € 195 million, enabling us to fairly quickly start implementing the modified financing strategy. After the completion of the financial year, in January 2012, we concluded a second private placement in the amount of € 50 million in line with the strategy.

FOCUS

Changes in management, the operating structure and business culture were also introduced in support of the implementation of the sharpened strategy. The management team has extensive knowledge of and years of experience with the retail property sector in all of our core markets. Even more than in the past, the aim is to exchange this local knowledge and experience among the country teams, apply it as part of the acquisition and disposal processes, and in contacts with tenants. Greater ownership, proactive action and entrepreneurship on the part of employees are important elements of the adjusted business culture. The move in mid-December 2011 to our new offices at Lichtenauerlaan 130 in Rotterdam is perfectly consistent with these changes. Even more important is the development calling for an optimal focus on tenants. The relationship with our tenants must be nurtured and may never be taken for granted.

With the introduction of the three-pillar strategy described above, we believe we are in a position to properly anticipate changing market conditions. This enables us to increase the stability of our cash flows and to reduce the risk profile. We have a clear ambition with an attractive perspective and plan to implement this on the basis of a practical and realistic approach.
To realise its strategy, Vastned will apply an explicit focus on quality within its portfolio, the organisation and its financing policy. We are building a quality portfolio comprising the best possible retail properties on the most popular high streets in the larger cities. We were able to acquire a few nice top locations in 2011 as well. For example, during the summer of 2011, a prime high street shop was acquired in the heart of the exclusive Nişantaşı shopping district in Istanbul as a result of which the value of the Turkish portfolio rose to above € 100 million. In the spring, the French portfolio was expanded with nine high street shops in the heart of Bordeaux. In the Belgian city of Namur, the Jardin d'Harscamp shopping complex located in the city's top shopping district was acquired. At the beginning of 2012, we were able to contract the leading retailer Desigual's interest in this complex.

Vastned was able to add many new tenants to its portfolio during the 2011 financial year. For example, in the autumn of 2011, the advent of the trendsetting fashion chain, Kenzo, confirmed the quality of Vastned's portfolio in the French city of Lille. The Kenzo branch has opened its doors in February 2012. A lease was signed earlier in the year with fashion giant ZARA for our property on the busiest street in Istanbul, Istiklal Caddesi. The property, a former bank branch, will open its doors in the third quarter of 2012 following a thorough renovation. The Dutch portfolio was also able to welcome a new addition; the first Pull & Bear store in the Netherlands opened its doors in The Hague.

TERMINATION OF THE MANAGEMENT PARTNERSHIP AGREEMENT

Earlier in this preface we referred to the termination of the management partnership agreement with VastNed Offices/Industrial. The termination of this agreement was prompted by the need for allowing the management of each fund to dedicate maximum focus to its own specific markets and property portfolios. Our shareholders endorsed this decision during the General Meeting of Shareholders and this decision was implemented over the course of the year. In part due to the merger of VastNed Offices/Industrial and NSI, it was possible to accelerate various matters with the benefit that we were already able to present our sharpened strategy in September.

Our organisation now consists of a flexible, professional, centrally operating team managed by the CEO and CFO, and in addition comprises active country organisations, each with a country manager with an excellent track record in the sector. Hands-on is the keyword for successfully tackling the challenges presented by the market.

There is one important area about which we have not yet said anything here. Perhaps you may have noticed that in this text we are consistently speaking about 'Vastned' instead of 'Vastned Retail'. This is connected to the introduction of our new house style in December of last year.
The transformation of our company immediately became very tangible via our new logo and pay-off *'Venues for Premium Shopping'*. In our view this perfectly portrays what we offer, in fact to tenants as well as our investors, and at the same time also what our tenants offer their customers: premium shopping. The house style, the logo and the pay-off together mark a milestone in our history.

I would like to take this opportunity to thank all of you for the fact that you continued to be committed to our fund, even during a year marked by many changes. As for myself, I believe that change is a good thing. It furthers organisations, develops people and leads to innovation. However, change also generates a certain amount of uncertainty, definitely when conditions are turbulent, such as is currently the case with the economy. No doubt we will once again be experiencing economic turbulence and change in 2012. I perceive that as a wonderful challenge. Our fund, our organisation, our property portfolio and our strategy are focused on quality, stability and predictability. It is a great combination.

Kind regards,
Taco de Groot, CEO

LIST OF ABBREVIATIONS

AFM	Dutch Authority for the Financial Markets
Bevak	(Belgian) investment company with fixed capital
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
Code	The Dutch corporate governance code
CPI	Consumer Price Index
EPRA	European Public Real Estate Association
GDP	Gross Domestic Product
GPR	Global Property Research
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
IVBN	Dutch Association of institutional property investors
REIT	Real Estate Investment Trust
SIIC	Société d'Investissements Immobiliers Cotées

DEFINITIONS

Average (financial) occupancy rate
100% less the average (financial) vacancy rate.

Average (financial) vacancy rate
The market rent applicable for a particular period of vacant properties, expressed as a percentage of the theoretical rental income for the same period.

Direct investment result
Consist of Net rental income less net financing costs (excluding value movements financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

EPRA Earnings
Recurring earnings from core operational activities. In practice this is reflected by the direct investment result.

EPRA NAV
Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA NNNAV
EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA Net Initial Yield (NIY)
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. Annualised rental income includes any CPI indexation and estimated turnover rents or other recurring operational income but does not include any provisions for doubtful debtors and letting and marketing fees.

EPRA 'topped-up' NIY
This yield is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA Vacancy Rate
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

Estimated Market Rental Value (ERV)
The rental value estimated by external valuers for which a particular property may be leased at a given time by well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Gross rent
Contractually agreed rent for a particular property, taking the effect of straight-lining of lease incentives into account.

Gross rental income
The gross rent recognised for a certain period after deduction of the effects of straight-lining of lease incentives.

Gross yield
Theoretical annual rent expressed as a percentage of the market value of the property.

Indirect investment result
Consists of the value movements and the net result on disposals of investment properties, movements in deferred tax assets and deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interest.

Lease incentive
Any compensation, temporary lease discount or expense for a tenant upon the conclusion or renewal of a lease agreement.

Market value
The estimated amount for which a particular investment property might be traded between well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Net Asset Value (NAV)
Represents the equity attributable to Vastned Retail shareholders as shown in the consolidated financial statements of Vastned Retail prepared in accordance with IFRS.

Net initial yield
Net rental income expressed as a percentage of the acquisition price (including transaction costs) of the respective investment property.

Net rental income
Gross rental income less ground rents paid, less net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, management expenses, insurance, letting costs and local taxes.

Net yield
Theoretical net rental income expressed as a percentage of the market value of the respective investment property.

Occupancy rate
100% less the vacancy rate.

Straight-lining
Phasing the costs of lease discounts, rent-free periods and lease incentives over the duration of the lease contract.

Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straight-lining of lease incentives and such, plus the annual market rent of any vacant properties.

Theoretical rental income
The gross rent attributable to a particular period excluding the effects of straight-lining of lease incentives and such, plus the market rent of any vacant properties applicable to the same period.

Vacancy rate
The annual market rent of unleased properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

PROFILE AND STRATEGY

HISTORY

Vastned Retail N.V. ('Vastned'), founded in 1986, is a (closed-end) property investment fund with variable capital that makes long-term investments in top quality well-let retail properties, with a focus on high street shops, in selected geographical markets in Europe. The shares have been listed on NYSE Euronext Amsterdam since 9 November 1987 and have been included in the Amsterdam AMX index since 3 March 2008.

VISION

Consumers and retailers are always looking for an exceptional shopping experience and are drawn to quality locations, whereby the most popular high streets offer a unique combination in terms of authenticity and drawing power. The level of offer, visitors and spending consequently exceeds the average, which leads to higher turnovers and profits for the retailer and ultimately in higher rents for the location owner. The retailers' success and the competitiveness of the location are therefore of major importance to the long-term success of the retail property investor.

MISSION AND STRATEGIC OBJECTIVE

Vastned offers retailers 'Venues for Premium Shopping'. This provides institutional and private investors with an opportunity to invest in a fund whose central focus is on premium retail property with emphasis on locations on the most popular high streets. The long term focus on quality enables Vastned to generate a stable and predictable cash flow which in turn contributes to the realisation of solid and sustainable value development.

INVESTMENT PRODUCT AND INVESTMENT METHODOLOGY

Vastned aims to realise its strategic objective by focusing on the following investment products and by using the following investment methodology:

- focus on 'Venues for Premium Shopping' in high streets shops in large cities (minimum 65% of the property portfolio) and to a lesser extent on shopping centres and retail warehouses;
- focus on five core countries: The Netherlands, France, Spain, Belgium and Turkey; with a desired share for Turkey of approximately 10% of the total property portfolio;
- a business structure and a business culture that is strongly oriented towards tenants;
- aiming for sufficient critical mass in the core countries, so that local management has a sufficient number of disciplines available and is able to attract and retain high-quality staff; and
- a conservative financing structure.

At year-end 2011, Vastned's property portfolio (in operation and pipeline) had a value of € 2,129.0 million (year-end 2010: € 1,995.5 million). At that date it had the following composition:

- 49% high street shops;
- 35% shopping centres;
- 15% retail warehouses, and;
- 1% other properties.

Broken down by the countries where Vastned currently has operations, the composition at year-end 2011 is as follows:

- 37% the Netherlands;
- 22% France;
- 19% Spain;
- 16% Belgium;
- 5% Turkey, and;
- 1% Portugal.

RELATIONSHIP WITH TENANTS

The tenant has gained an even more prominent place in Vastned's sharpened strategy. Vastned aims to strengthen the relationship with retailers and to closely monitor the development of these tenants and the retail market's trends. Using the knowledge and experience gained within the organisation in this respect, Vastned aims to be able to even better anticipate the trends in the retail market in its investment policies. Account management must bring the tenant and the landlord closer together and at the same time optimise the relationship.

FINANCING POLICY

EQUITY

Particularly in periods when the Vastned share price trades at a premium compared to actual or forecasted net asset value, it may be attractive to issue new shares. In principle new shares will only be issued if there are good investment opportunities in the foreseeable future. The decision to issue or repurchase company shares is taken by the Board of Management, taking into account the limits and conditions to be set by the Supervisory Board.

LOAN CAPITAL

The basic rule is that the loan capital used to finance the property portfolio is kept to about 40% to 45% of the market value of the properties at the most. A temporary deviation from this limit is possible if interesting acquisition or sales opportunities arise, and provided the ratio between interest rates and the yield on the properties is acceptable. Vastned operates within the financing limits that apply to fiscal investment institutions as meant in Section 28 of the 1969 Corporate Income Tax Act.

The conservative financing strategy will be further optimised by diversifying the financing. Aside from the current bank financing, Vastned will allow the alternative financing share (such as private placements) to increase to approximately 25% of the loan portfolio. Furthermore, the aim will be to achieve a spread in lenders, whereby an individual lender will not account for more than 25% of the total loan portfolio. The basic position is that the long-term loan portfolio should have a weighted average term of at least three years.
Furthermore, the organisation aims for a balance between short-term and long-term fixed interest periods in its financing, whereby the basic position is that two thirds of the loan portfolio should have a fixed interest rate. To this end, interest-rate derivatives are used where appropriate. To limit interest rate risks, efforts are made to achieve a weighted average interest rate term of the fixed part, of at least three years.

FISCAL STRUCTURE

An attractive tax climate is an important factor in determining investment selection. Vastned qualifies as a fiscal investment institution as referred to in Section 28 of the 1969 Netherlands Corporate Income Tax Act. This means that no corporate income tax is due in the Netherlands. In Belgium almost all investments have been incorporated in the property Bevak (Belgian REIT) Intervest Retail, which is also virtually exempt from income tax. The French property investments, except for a single company, are also exempt from income tax under the SIIC regime applying in that country. The investments in Spain, Turkey and Portugal are subject to standard taxation. The option of applying the new Spanish REIT regimes (SOCIMI or SII) has been investigated. At the moment these regimes do not appear to be sufficiently attractive to warrant implementation in the short term in view of the composition of the property portfolio as a whole. Vastned will however continue to look for ways of optimising its fiscal position.

CURRENCY POLICY

Vastned aims to avoid currency risks by investing primarily in the euro zone. When currency risks occur, their scope is limited by carefully matching the currencies of assets and liabilities on the one hand and income and expenditure on the other. Please refer to the chapter on Risk Management on page 178 in this annual report.

DIVIDEND POLICY AND RESERVATION POLICY

Vastned's dividend policy is aimed at letting the shareholders dispose virtually fully of the direct investment result. The fiscal result as a minimum must be paid out in cash in order to comply with the fiscal conditions for fiscal investment institutions.
The dividend is placed at the shareholders' disposal in the form of an interim dividend equal to 60% of the direct investment result for the first six months of the financial year plus a final dividend after the financial year has closed. Shareholders can also receive (a portion of) the final dividend in shares in this respect (stock dividend).

ACQUISITION AND DIVESTMENT POLICY

Vastned pursues an active acquisition and divestment policy designed to continuously improve and safeguard the quality of the property portfolio. After implementing the sharpened strategy, the focus of the acquisition and divestment policy is primarily on increasing the proportion of high street shops. New investment opportunities are constantly being assessed. When acquiring investment property in pipeline, the development risks are generally transferred to contracted project developers and building contractors. Letting risks may be accepted if the company is involved in the design and decisions regarding the tenant mix from an early stage. Acquisitions are only made if the market conditions are favourable, the risk-return profile is balanced and the capital ratios allow the transactions in question. In this context, acquisition opportunities are constantly being weighed against financial alternatives such as the repurchase of own shares. A review is carried out at least once every year to identify the properties in the property portfolio that no longer satisfy the desired risk-return profile. This can lead to divestment in some cases.

RISK MANAGEMENT

Vastned pursues an active policy of identifying the risks associated with investing in property and taking appropriate action where necessary. In doing so, it distinguishes between strategic risks, operational risks, financial risks, reporting risks and compliance risks. A more detailed description of Vastned's risk management can be found in the 'Report of the Board of Management' chapter on page 80 and the 'Risk Management' chapter on page 178 in this annual report.

SUSTAINABILITY

Sustainability remains important. The previous year this subject was also on Vastned's agenda. Vastned actively implements its policy on sustainable business practices where possible, in its property portfolio. This is further clarified on page 78 in this annual report.

ORGANISATION

Vastned actively manages its property portfolio; its aim is to have fully-fledged local management in place in the countries in which it has operations. With approximately 80 employees in total, Vastned Management in Rotterdam, Vastned Management France in Paris, Vastned Management España in Madrid, Intervest Retail in Antwerp, and Vastned Emlak Yatırım ve İnşaat Ticaret in Istanbul manage the investments of Vastned.

Keeping the management of properties in-house is the best way of ensuring optimum leasing to creditworthy tenants and proper care for the state in which the properties are kept. By carrying out as many of the commercial and administrative management tasks as possible in-house, the company comes into direct contact with the tenants and the property market, enabling it to respond effectively to market developments and also to manage operating expenses in a responsible fashion. Technical management is largely subcontracted to local specialists. Care is taken to ensure the properties are in an optimum state with an optimum value in relation to the returns for shareholders. This is done by carrying out maintenance and renovations on property investments in the portfolio and by selling properties that are no longer appropriate for the portfolio. The property markets in the different countries are subject to the legislation and regulations applicable in the countries in question. Local networks together with specialist knowledge of the local culture give the company the edge in the commercial operation of the properties. Vastned aims to carry out its activities in the country itself wherever possible. The local knowledge and experience gained in this respect is mutually shared so that it can be optimally used in managing the entire property portfolio.

REPORT OF THE SUPERVISORY BOARD

INTRODUCTION

Due to a changing world, 2011 was a year in which the Supervisory Board implemented drastic changes in the structure within which the Company operates and in which the Company announced a sharpened strategy, specifically supported by the Supervisory Board, and took the first steps to implement it. In this context and in the context of a more regular supervisory role, the Supervisory Board met eight times in 2011. In the context of making sound decisions, the Board of Management always kept the Supervisory Board supplied with sufficient information in time. None of the members of the Supervisory Board was absent, or frequently absent, during its deliberations. The subjects that were discussed in the Supervisory Board's eight meetings included the following:

- the termination of the partnership agreement between Vastned Retail, Vastned Management and VastNed Offices/Industrial, and the merger of VastNed Offices/Industrial with NSI;
- the composition and the performance of the Board of Management;
- the Company's strategy and risks;
- the state of affairs and the risks of the property portfolio;
- the financial results, plus how they were reported in press releases;
- the financing structure of the Company and its resilience in light of the financial crisis;
- the annual report and annual accounts;
- the dividend policy and the reservation policy;
- the performance of the external auditor;
- the performance of the Supervisory Board;
- the remuneration of the members of the Board of Management and the Supervisory Board;
- the relationship with shareholders;

- aspects of corporate social responsibility, where relevant for the Company;
- abolition of the Stichting Prioritieit/Priority Shareholder, and;
- the performance of the subcommittees of the Supervisory Board, including the reporting by these committees.

PARTNERSHIP AGREEMENT AND MERGER VASTNED OFFICES/INDUSTRIAL

As indicated earlier, the partnership agreement between Vastned Retail, Vastned Management and VastNed Offices/Industrial was terminated in 2011. An advance payment was made by the parties in the context of this termination. Due to the completion of the merger between VastNed Offices/ Industrial and NSI, and careful monitoring of the relevant costs, the termination was cost-neutral to Vastned Retail. Due to the implementation of the merger between VastNed Offices/Industrial and NSI, the members of the Board of Management no longer play a role in managing the former sister company.

CHANGES TO THE BOARD OF MANAGEMENT

In the context of the termination of the partnership agreement with VastNed Offices/Industrial it was decided to reduce the Board of Management from three to two members. In this regard, the employment contract with Mr Reinier van Gerrevink was terminated and Mr Taco de Groot, formerly Chief Investment Officer, was appointed as Chief Executive Officer. Mr Tom de Witte continues in his position as Chief Financial Officer. Both Directors, who discharge their responsibilities through the intermediary of Vastned Management, were also appointed as statutory Directors of Vastned Retail effective 25 November 2011.

The Supervisory Board thanks Mr Reinier van Gerrevink for the contribution he has made since he joined the Company in mid-2002. His contribution, particularly in relation to professionalising the internal organisation was a key factor in Vastned's success.

STRATEGY

In our estimation, given the impact of the financial crisis, the greying population and the increasing importance of e-commerce, the pressure on consumer spending will have an impact on the property portfolio. In this context, the sharpened strategy prepared by the Board of Management was approved. This strategy comprises three pillars: a concentration on high street shops, which are the best retail properties on the most popular shopping streets of the larger cities; the organisation's focus on the tenant; and the last pillar, maintaining a conservative financing approach.

PERFORMANCE OF THE PROPERTY PORTFOLIO

The property portfolio exhibited stability in various areas during the financial year. Stability in terms of the occupancy rate and in terms of the property values. These two elements are continuous areas of attention for the Supervisory Board. After all, consumer spending in the countries in which Vastned operates is under pressure and consequently constitutes a potential threat to the property portfolio.

FINANCING STRUCTURE

The financial structure is solid and has a loan-to-value ratio of 43% as at year-end 2011. The aim is to keep this key figure below 45%. Furthermore, the Company pursues a number of other strategic objectives in the area of financing, such as increasing the relative share of long-term loans, broadening the suite of banks and attracting alternative financing, such as loans on the American private placement market.

2011 ANNUAL REPORT AND ANNUAL ACCOUNTS

The annual report drawn up by the Board of Management includes the 2011 annual accounts audited by Deloitte Accountants B.V. The Supervisory Board is in agreement with this report and with the 2011 annual accounts and supports the proposal of the Board of Management recommending that the General Meeting of Shareholders adopt the 2011 annual accounts in the form as presented. The Supervisory Board also recommends that the Board of Management be granted discharge for the policies pursued in 2011 and that the Supervisory Board be granted discharge for the supervision conducted in 2011 on these policies.

DIVIDEND POLICY AND RESERVATION POLICY

The Supervisory Board has had discussions with the Board of Management about the existing dividend policy and reservation policy. A solid balance sheet nowadays is of major importance. In addition, a large number of shareholders invests in Vastned due to its attractive dividend yield. The existing dividend policy that combines payment of the full direct investment result per share with the shareholder's option of opting for a share dividend facilitates both objectives. Upon payment of the final dividend, the aim, within fiscal limits, will be to make payment in shares an attractive option for shareholders. An interim dividend will be paid in August based on 60% of the direct investment result per share for the first six months of the financial year.

2011 DIVIDEND

The Supervisory Board is able to agree with the proposal by the Board of Management that the following final payment per share should be made for the 2011 financial year: a pay-out per share (after deduction of the interim dividend of € 1.09) of € 2.52 out of the freely distributable reserves, at the option of the shareholder:

- € 2.52 in cash minus 15% dividend tax, or
- a percentage in the form of shares (still to be determined), depending on the share price, charged to the share premium reserve, without deduction of dividend tax.

This takes the total dividend paid out over 2011 to € 3.61 per share.

THE REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT

The remuneration of the members of the Board of Management was extensively discussed in the meetings of the Supervisory Board and resulted in a new remuneration policy that was approved in the Extraordinary General Meeting of Shareholders held on 25 November 2011. The salaries of the members of the Board of Management were brought closer together for the purpose of specifically reflecting the team concept within the Board of Management. Furthermore, the variable remuneration system was changed, so that the interests of the members of the Board of Management run in parallel to the interests of the shareholders. In addition, the new remuneration policy encourages share ownership.

THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board reviewed the remuneration of its members and is of the opinion that it should be brought in line with the market. A proposal in this respect will be put to a vote at the General Meeting of Shareholders to be held on 2 May 2012.

THE PERFORMANCE OF THE SUPERVISORY BOARD

In the spring of 2011, an external expert assessed the performance of the Supervisory Board and its members on the basis of confidential interviews with the four members of the Supervisory Board, the members of the Board of Management and the Company Secretary. In addition, a number of observations were made about the performance of the members of the Board of Management and the Company Secretary.

The evaluation shows that the Supervisory Board performs well, but that there is room for improvement.

- There are areas for improvement related to accelerating and improving the provision of information and the Supervisory Board's decision-making process, as well as optimising the relationship of trust between supervisors and management;
- An annual evaluation of the Supervisory Board's profile during which improvement in diversity should play a key role;
- Reassessment of the remuneration policy for the members of the Board of Management, which should include a reassessment of the variable component and a reassessment of the remuneration policy for the Supervisory Board.

The Supervisory Board has taken these recommendations to heart and specific actions have been taken in a number of areas.

RELATIONSHIP WITH SHAREHOLDERS

In one of the meetings of the Supervisory Board, the Board of Management explained the contacts with shareholders. Furthermore, pursuant to the abovementioned evaluation of the Supervisory Board, a decision has been taken to inform the Supervisory Board about the evolution of the relationship with investors, outside the Board's meetings.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is an element that, should the need arise, will be discussed on a quarterly basis in the context of the reporting by the Board of Management about the property portfolio's state of affairs to the Supervisory Board.

ABOLITION OF THE STICHTING PRIORITIEIT/PRIORITY SHAREHOLDER

To further improve corporate governance, Vastned Retail's articles of association were amended. The amendments were related to the abolition of the Priority Shareholder, among others. Under the former articles of association, the Priority Shareholder had special controlling rights that have been transferred to the Board of Management and the Supervisory Board.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board is composed as follows:

- Wouter J. Kolff, chairman
- N.J. (Klaas) Westdijk, vice-chairman
- Pieter M. Verboom, chairman audit committee
- Jeroen B.J.M. Hunfeld, member of the audit committee

All members of the Supervisory Board are independent as defined by the Code.

SUPERVISORY BOARD MEMBERS

WOUTER J. KOLFF (23 JULY 1945)
Nationality: Dutch
Position: retired
Appointment: 4 April 2006 (also as chairman)
Previous positions:
- Various management and board positions with ABN AMRO (1971–1990), most recently as chairman of the executive committee of ABN Belgium, and;
- Various management and board positions with Rabobank, most recently as vice-chairman of the board of Rabobank International (1990–2006).

Other positions:
- Member of the Supervisory Board of Fetim B.V., Amsterdam, the Netherlands;
- Executive partner of SAC Private Equity Group, New York, USA;
- Member of the Board of Directors of Cosmos Bank, Taipei, Taiwan, and;
- Member of the Board of Directors of Yes Bank, India.

Education: General economics, Erasmus University Rotterdam.

N.J. (KLAAS) WESTDIJK MBA (20 JUNE 1941)
Nationality: Dutch
Position: retired
Appointment: 19 April 2000; vice-chairman since 6 April 2004
Previous positions:
- President of the Board of Management Koninklijke Pakhoed, and;
- President of the Board of Management Connexxion Holding.

Other positions:
- Chairman of the Supervisory Board of Eneco Energie, Rotterdam, the Netherlands;
- Member of the Supervisory Board of FD Mediagroep, Amsterdam, the Netherlands, and;
- Member of the Supervisory Board of Oad Beheer, Holten, the Netherlands.

Education: Dutch law, Utrecht University, and MBA, University of Chicago, USA.

DR PIETER M. VERBOOM (20 APRIL 1950)
Nationality: Dutch
Position: Executive Vice-president & CFO Schiphol Group
Appointment: 6 April 2004
Previous positions:
- Senior lecturer at Erasmus University Rotterdam, the Netherlands, and;
- Various management positions with Philips, including CFO of the Board of Management for Argentina, Hong Kong and the Far East.

Other positions:
- Member of the Supervisory Board of Aéroports de Paris, France;
- Member of the Board of Directors of the Brisbane Airport Corporation Holdings, Brisbane; Australia;
- Member of the Advisory Board NIBC Merchant Bank, The Hague, the Netherlands, and;
- Chairman of Board of Governors of the Post-Graduate Master's Register Controller degree, Erasmus University Rotterdam, the Netherlands.

Education: Econometrics (doctoral), Erasmus University Rotterdam; PhD from VU University Amsterdam.

JEROEN B.J.M. HUNFELD (11 APRIL 1950)

Nationality: Dutch

Position: shareholder and partner in Mirveld Capital Partners (informal investor)

Appointment: 3 April 2007

Previous positions:

- Chief Operating Officer, Koninklijke Vendex KBB (2000–2004);
- Chairman of the Board of Management FHV/BBDO (1992–2000), and;
- Various management and board positions with Koninklijke Ahold (1976–1992), most recently as chairman of the Board of Management of Albert Heijn.

Other positions:

- Member of the Supervisory Board of Hermans Holding, Hoorn, the Netherlands;
- Member of the Supervisory Board of Vroegop en Ruhe, Amsterdam, the Netherlands;
- Chairman of the Supervisory Board of Accounting Plaza, Wormerveer, the Netherlands;
- Chairman of the Supervisory Board of Jamin Winkelbedrijven, Oosterhout, the Netherlands;
- Member of the Advisory Board of Italo Suisse, Comines, Belgium, and;
- Member of the Advisory Board of Verenigde Bedrijven Nimco, Berg en Dal, the Netherlands.

Education: Business Administration, Nyenrode Business University, Breukelen, and Management Program, Harvard University, USA.

COMMITTEES

The Supervisory Board has three active committees: the audit committee, the remuneration committee and the nomination committee. These committees prepare proposals that are discussed and approved by the full Supervisory Board.

AUDIT COMMITTEE

In 2011, the audit committee met on four occasions. The task of the audit committee is to advise the Supervisory Board in the area of finance. The topics addressed last year include financial reporting, budgeting, appraisals of the investment properties, the role of the external auditor, tax issues/risks, compliance (inter alia with the Netherlands Authority for the Financial Markets ('AFM')), IFRS, interest rate and financing risks, the impact of the financial crisis on both financing of property and property values, letting risks, catastrophes and liability risks, debtor risks, internal control, IT systems, legal risks and the follow-up of recommendations made by the external auditor, as well as the audit findings presented by the external auditor. The latter did not result in any comments that are worthy of mention. Further to a letter received from the AFM, which identified a number of areas for attention in the context of their assessment of the 2010 Annual Report, the audit committee held an additional meeting after the end of the financial year. The areas of attention were as follows: i) the valuation of property; ii) the disposal of property; iii) related parties; and iv) pension liabilities. Furthermore, the audit committee held a brief meeting with the external auditor in the absence of the Board of Management. Mr Verboom is the chairman of the audit committee and Mr Hunfeld is a member.

REMUNERATION COMMITTEE

The task of the remuneration committee is to advise the Supervisory Board concerning the remuneration policy to be adopted for the Board of Management. The remuneration committee comprises Mr Westdijk (chairman) and Mr Kolff (member) and met three times in 2011. Concrete discussions were held concerning the formulation of a new remuneration policy that in the meantime has been approved by the Extraordinary General Meeting of Shareholders. In addition, the degree to which the 2011 objectives, formulated in advance, were achieved was discussed. The remuneration committee also prepared the 2011 remuneration report, which will be discussed by the General Meeting of Shareholders on 2 May 2012 and which is included in this annual report.

NOMINATION COMMITTEE

The task of the nomination committee is to advise the Supervisory Board on the selection and appointment of the members of the Board of Management. The committee comprises Mr Westdijk (chairman) and Mr Kolff (member). The committee met on two occasions in 2011.

CHANGES TO THE SUPERVISORY BOARD

Mr Hunfeld was reappointed as a member of the Supervisory Board by the General Meeting of Shareholders in 2011.

PROFILE OF THE SUPERVISORY BOARD

The Supervisory Board profile guarantees that the Supervisory Board is composed properly, i.e. that the available knowledge and experience enable effective supervision of the management activities of the Company's Board of Management. This profile is available from the Company's website and copies may be obtained from the Company's offices. The Supervisory Board declares that all its members are independent, as defined by the Code.

RETIREMENT SCHEDULE

The retirement schedule for the coming years is as follows:

- Mr Pieter M. Verboom, 2012 (currently in second term; eligible for re-election)
- Mr N.J. (Klaas) Westdijk, 2012 (currently in last term; not eligible for re-election)
- Mr Wouter J. Kolff, 2014 (currently in second term; eligible for re-election)
- Mr Jeroen B.J.M. Hunfeld, 2015 (currently in second term; eligible for re-election)

The articles of association stipulate that a period in office is limited to three terms of four years.

Following the expiry of his last term of office, Mr Westdijk is no longer eligible for reappointment. The Supervisory Board proposes that Ms Marieke Bax be appointed to the Supervisory Board to fill this vacancy. Ms Bax is suited for this position on the basis of her experience in the area of internationally operating enterprises.

THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders will be held in Amsterdam on 2 May 2012.

PERSONNEL

Good personnel is of essential importance to Vastned Retail to enable it to implement its sharpened strategy. The past year was paired with uncertainty about the staff's future and has resulted in a number of dismissals. Jointly in this context, the Supervisory Board thanks all staff for their loyalty and devotion during the past financial year.

Rotterdam, 8 March 2012
The Supervisory Board,
Wouter J. Kolff, chairman
N.J. (Klaas) Westdijk, vice-chairman
Pieter M. Verboom, member
Jeroen B.J.M. Hunfeld, member

REPORT OF THE BOARD OF MANAGEMENT

INTRODUCTION

The report of the Board of Management discusses the economic trends in 2011, the markets in which Vastned operates, specific developments in our property portfolio, personnel and organisation, sustainability, risk management, the financial state of affairs and the outlook for Vastned for 2012.

ECONOMY AND MARKETS

ECONOMY

2011 was overshadowed by a great deal of unrest on the financial markets, particularly at Europe's periphery. This ultimately resulted in the euro crisis. The financial markets expected European leaders to act decisively, however many thought their actions were inadequate. The underlying result is that the various countries in which Vastned operates only exhibited limited growth. The consensus of economists projects a shrinkage in the GDP and consumer spending in the euro zone in 2012.

PROPERTY MARKETS

The retail property markets over the last few decades were characterised by strong growth. This growth expressed itself in various ways, including an increase in the number of square metres of retail floor space that in many cases exceeded the growth in GNP and consumer spending. The financial crisis has sharply curbed this growth. The readiness on the part of banks to finance property development has decreased and many retailers have put their policy of expansion on ice. The large number of square metres of retail floor space is an important fact, given the projected decline in consumer

BOARD OF MANAGEMENT AND OTHER MANAGEMENT TEAM MEMBERS

TACO T.J. DE GROOT MRE MRICS (20 FEBRUARY 1963)

Nationality: Dutch
Position: Managing Director, CIO
Joined the company: 1 September 2010
Appointment to present position: 1 September 2010
Previous positions:
- Letting and Investment Property Agent with DTZ Zadelhoff;
- CEO Cortona Holdings;
- Founder and CIO of GPT Halverton;
- Partner/Fund Manager MSeven Real Estate, and;
- CIO VastNed Offices/Industrial.

Other positions: Member of the Supervisory Board of seniors' housing specialist Hobion, Houten.
Education: Dutch law, Utrecht University, and real estate economics, University of Amsterdam, the Netherlands.

TOM M. DE WITTE (7 SEPTEMBER 1966)

Nationality: Dutch
Position: Managing Director, CFO
Joined the company: 16 June 2003
Appointment to present position: 16 June 2003
Previous positions:
- Accountant with Deloitte, and;
- CFO VastNed Offices/Industrial.

Education: Business economics, Dutch law and accountancy (RA), Erasmus University Rotterdam, the Netherlands.

ARNAUD G.H. DU PONT (25 MAY 1966)

Nationality: Dutch
Position: Director Investor Relations
Joined the company: 1 January 2000
Previous positions:
- tax consultant with BDO;
- tax consultant with PricewaterhouseCoopers, and;
- General Counsel/Director Investor Relations VastNed Offices/Industrial.

Education: Tax law, Erasmus University Rotterdam, the Netherlands.

M.C. (MARC) MAGRIJN LL.M (23 JANUARY 1980)

Nationality: Dutch
Position: General Counsel/Tax manager
Joined the company: 1 January 2012
Previous positions:
- Tax consultant Deloitte, and;
- Tax consultant Ernst & Young.

Education: Tax law, Erasmus University Rotterdam, the Netherlands.

spending, the unfavourable demographic trends (greying population) and the further growth in online retailing. More emphatically than before, retailers will be looking at the value of their shop in their distribution chain. If the shop's location provides for an attractive footfall in terms of numbers, nature, purchasing power and willingness to buy, retailers will want to secure such a location or will want to hold on to it. Retailers possibly will dispose of locations that in this respect score lower or they will only be prepared to operate a shop at such a location at lower costs (read lower rent).
Vastned with its renewed strategy specifically focuses on the first category, the 'Venues for Premium Shopping'. These consist of strong city centre locations with an authentic character that are characterised by an attractive natural footfall. Locations of this nature can be found in large cities with a favourable demographic profile, an increasing number of residents and youthful public. Strong retail chains can excel in such locations, which ultimately also benefits the property investor.

The investments market currently is faced with more limited access to capital. Due to the reticence of the lending banks in particular, this is leading to a smaller number of transactions. What is striking is that private investors are active in a number of markets that are relevant to Vastned. In view of the more limited scope of the property investments to be acquired and the availability of shareholders' equity, a relatively higher number of transactions is completed in that part of the market.

PROPERTY PORTFOLIO

INTRODUCTION

The rental income from the property portfolio constitutes Vastned's source of income. This income over the long term is influenced by the property's usefulness and its location. From the perspective of the tenant, property constitutes a means of distribution through means of which the tenant sells its goods to consumers. Given the changed economic conditions resulting from the financial crisis, the greying population, as well as the impact of e-commerce on the tenant's operations, the tenant can be expected to critically assess the property used by him. The Board of Management is closely monitoring these trends. The state of affairs for the property portfolio as a whole, as well as its geographical components, will be explained in this chapter on the basis of a number of parameters.

As regards the reporting on property in this annual report, the best practice provisions formulated by the IVBN and EPRA sector associations were adhered to. In September 2011, Vastned was awarded the Bronze Medal Award by the EPRA, confirming the fact that the 2010 annual report met high international standards. It is the Board of Management's ambition to continue to play a leading role in this domain.

SHARPENED STRATEGY

As indicated earlier in this annual report, a sharpened strategy was published in mid-September 2011. One of the aspects of this strategy provides for a more specific focus on high street shops. Shops of that nature are located on the best streets of large and medium-sized cities, where a good footfall and consumer spending converge. The streets are furthermore characterised by their authentic and well-established character.

PROPERTIES

The property portfolio for the most part consists of high street shops. At the end of 2011, 49% of the value of the total property portfolio consisted of such high street shops. Investments are also made in small and medium-sized, locally well-embedded shopping centres (35%) and retail warehouses (15%). The remainder (1%) consists of other property investments, such as residential investments.
At year-end 2011, the total property portfolio comprised 559 properties (year-end 2010: 572). The properties are spread over six countries with a total lettable floor area (excluding property investments in pipeline) of 705,263 sqm (year-end 2010: 693,176 sqm). The book value of these property investments, excluding property investments in pipeline, at year-end 2011 was € 2,039.4 million (year-end 2010: € 1,923.4 million). The book value of these property investments, including property investments in pipeline, at year–end 2011 was € 2,129.0 million (year-end 2010: € 1,995.5 million).

OCCUPANCY RATE

The most important parameter is the occupancy rate of the property portfolio in operation. Indeed, the occupancy rate indicates the degree to which Vastned's property portfolio matches market demand. The occupancy rate was stable at 95.4% in 2011, which is marginally higher than in 2010. The occupancy rate at year-end 2011 was 95.1% (year-end 2010: 95.2%). The occupancy rate at year-end is calculated by dividing the year-end contractual rental income plus the year-end contractual rental income from vacant units which are already let but not yet physically occupied, by the year-end theoretical rental income from the property portfolio as at year-end. The average occupancy rate is calculated by dividing the reported gross rental income by the average theoretical rental income over the same period. The breakdown of the occupancy rate by country is presented on page 30, including an explanation of the underlying trends. In addition, a summary is presented there that clarifies the movements in occupancy rates.

INDEXATION

Virtually all leases concluded by Vastned contain inflation clauses. These clauses ensure that there is a strong correlation between inflation and the increase in rental income. The inflation compensation clause provides for an increase, generally based on the consumer price index (CPI), except for the French property portfolio which can either be indexed based on the cost-of-construction index or on a combination of the CPI, retail prices and the cost-of-construction index. In addition, in a number of instances fixed indexation is used.

LEASING ACTIVITY

Aside from indexation, movements in rental income are due to changes in the occupancy rate attributable to the letting of vacant spaces, the departure of tenants and the renegotiation of lease conditions at an optional termination date. Active asset management is of major importance to realising maximum results. This translates into new leases and lease renewals, collectively referred to as leasing activity. The total volume of leasing activity amounted to € 15.5 million in new or renewed leases (2010: € 10.9 million). Expressed as a percentage of the theoretical gross rental income in the core countries, this amounted to 10.8% (2010: 8.1%). In 2011, 113 new leases (the lease of vacated retail space or soon to be vacated space to a new tenant) representing an annualised rental income of € 10.2 million were concluded and 127 tenants representing an annualised rental income of € 7.7 million departed. In addition, 78 lease renewals representing € 5.3 million in rental income were negotiated. Overall, these contracts were negotiated at an average of 2.7% below the previous rent level (2010: 3.3% below the previous rent level). If lease incentives are taken into account, which is relevant for future results, new leases concluded were on average 6.8% below the previous rent level (2010: 11.2% below the previous rent level).

LEASE INCENTIVES

Lease incentives such as rent-free periods, lease discounts and other payments or contributions benefiting the tenant represented 2.3% of the gross rental income (2010: 2.3%). In absolute terms, the lease incentives increased to € 3.3 million (2010: € 3.1 million). This rise was primarily due to an increase in lease incentives in the Spanish property portfolio.

TENANTS

The total number of tenants in terms of leases, excluding apartment tenants, for property investments in operation was 1,707 at year-end 2011. A list of the major tenants is provided in the table on page 31. This table is based on retail concerns, some of which are represented in Vastned's property portfolio in various formulas. In addition, there are 347 leases with tenants occupying residential properties. For the most part this concerns apartments above shops. The gross rental income of these apartments in 2011 totalled € 2.3 million.

MARKET RENT

The market rent for every external appraisal is established by the appraiser. A comparison of these market rents with the theoretical rental income shows the theoretical income to be 98.9% of the market rents at the end of 2011. This theoretical rental income consists of the gross rental income at year-end 2011, including mall income (income from leasing the space outside the retail units in shopping centres) and the estimated turnover-dependent rent, plus vacant properties at market rent levels. This limited under-rent is the result of instances of over-rent and under-rent in various countries.

LEASE EXPIRY DATES

Vastned operates in six countries with different lease types and terms in each country as a result of local legislation and customs. The graph on page 32 shows the expiry dates of the total property portfolio. The average term is 6.2 years (year-end 2010: 6.5 years). Upon expiry of a lease, there often is a possibility of adjusting the rent. Taking into account the time remaining until the tenant's next possible termination date, an option that is generally not exercised, the average lease term is 3.0 years (year-end 2010: 3.0 years).

ACQUISITIONS

In 2011 four acquisitions were made totalling € 97.6 million. Of the acquisitions listed below, the acquisition in Turkey is included in investment properties in pipeline.

	Investment Volume (x € 1 million)	Net Initial Yield (in %)
Acquisitions high street shops:		
France		
Bordeaux, 9 *high street shops*	30.1	4.9
Belgium		
Namur, Place de l'Ange 4	10.3	4.0
Turkey		
Istanbul, Abdi İpekçi Caddesi 41	16.8	N/A
Total high street shops	**57.2**	
Acquisitions other investment properties:		
The Netherlands		
Zwijndrecht, Walburg shopping centre (33 shops)	40.4	6.1
Total	**97.6**	

DISPOSALS

In 2011, disposals totalled € 16.2 million and were effected in the Netherlands, France, Belgium and Turkey. This involved the following properties:

	Net proceeds (x € 1 million)
The Netherlands	
Amsterdam, Jan Evertsenstraat 100, 106 and 108	1.7
Vriezenveen, Westeinde 19 (unit)	0.3
Mijdrecht, Prinses Margrietlaan 24-52	5.1
France	
Lille, Rue Jacquemars Giélée 106	0.6
Lille, Avenue Foch 21	0.6
Lille, Rue de la Clef 43	< 0.1
Lille, Rue de la Monnaie 83 (partially)	0.9
Lille, Square Dutilleul (partially)	0.1
Belgium	
Antwerp, Carnotstraat 18-20	1.6
Vilvoorde, Leuvensestraat 43 (apartment)	0.2
Turkey	
Istanbul, 'Bomonti Park'; Kazim Orbay Caddesi 3	5.1
Total	**16.2**

After deducting the cost of sales, a net result of € 2.4 million was realised. An amount of € 1.2 million is recognised as income from prior disposals.

Vastned, after the balance sheet date, sold several property portfolios with a total of 21 retail properties in the Netherlands for approximately € 23.0 million. The disposals involve retail buildings in a large number of cities such as Deventer, Nijkerk, Boxtel, Didam, Leiden and Rotterdam. These shops have been let to a broad scale of independent retailers, as well as domestic chains, such as Kruidvat, Zeeman and Wibra. The annual gross rental income amounts to almost € 1.8 million. The gross proceeds from the disposals are above book value. Approximately half of the retail buildings sold has since been transferred to the buyers. The remaining portion is expected to be transferred at the end of the second quarter of 2012.

INVESTMENT PROPERTIES UNDER RENOVATION

Vastned did not have any property investments under renovation as at year-end 2011.

INVESTMENT PROPERTIES IN PIPELINE

The investment properties in pipeline as at year-end 2011 comprised the following properties.

	Investment volume (x € 1 million)
The Netherlands	
Houten, Achterom 1-5 and Spoorhaag 130-134	2.4
Lelystad, De Promesse 3-5 and 111	2.3
France	
Arras, Rue Ernestale 35	0.7
Plaisir, Winkelcentrum Plaisir-Sablons	10.0
Turkey	
Istanbul, Istiklal Caddesi 85	25.9
Istanbul, Istiklal Caddesi 161	31.2
Istanbul, Abdi İpekçi Caddesi 41	17.1
Total	**89.6**

Further details about the investment properties in pipeline are included in the section for the relevant country.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

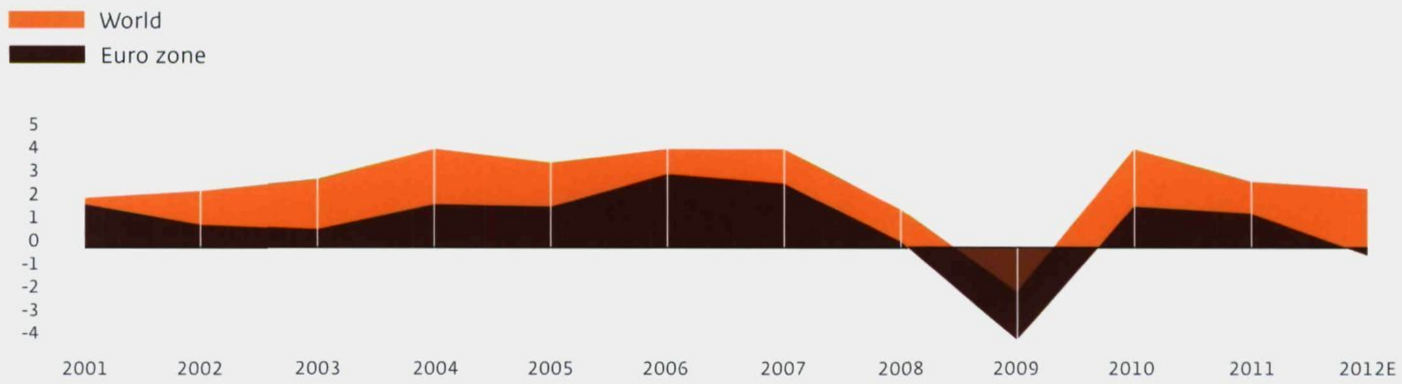
Each quarter, Vastned submits 80% to 90% of its property portfolio for external appraisal. On balance the appraisals resulted in a positive value movement. The value movements of the total property portfolio showed a total value movement of € 32.4 million positive (2010: € 35.5 million positive). The theoretical net yield on the property portfolio (the theoretical net rental income, adjusted for the service charge expenses not passed on and bad debt provisions, divided by the appraisal value of the property portfolio) was 6.4% at year-end 2011 compared with 6.6% a year earlier. See also the summary of value movements in investment properties on page 31.

APPRAISAL METHODOLOGY

Vastned's property portfolio is appraised four times a year. The larger properties with a value or anticipated value of at least € 2.5 million make up approximately 75% of the property portfolio and are appraised each quarter by appraisers of international standing (see the overview of the 2011 Property Portfolio included elsewhere in this annual report). The smaller properties (< € 2.5 million) are appraised once a year by an external appraiser and are evenly spread across the quarters for this purpose. Following the external appraisal, these properties are internally appraised in the subsequent three quarters with due consideration to the discernible trends in the external appraisals. Vastned ensures that all relevant information is made available to appraisers to enable them to issue well-considered opinions. The valuation methodology is based on international appraisal guidelines (RICS Appraisal and Valuation Standards). A more detailed description of the appraisal methodology is contained on page 117 of this annual report.

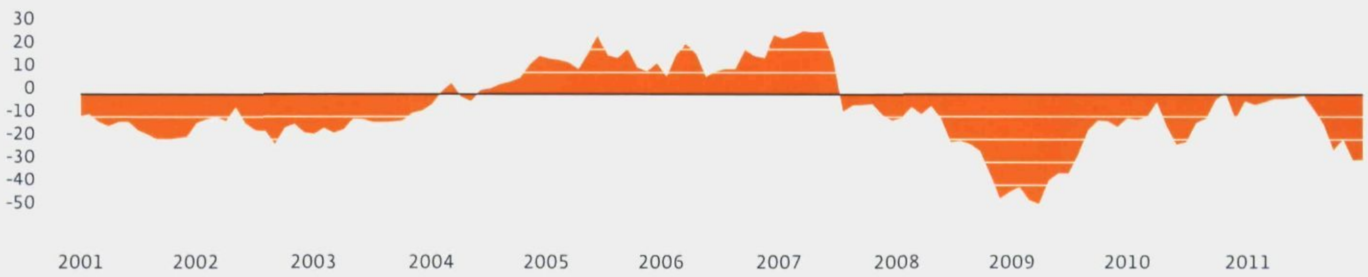
REAL GROWTH OF GDP

SOURCE: CONSENSUS FORECASTS (in %)



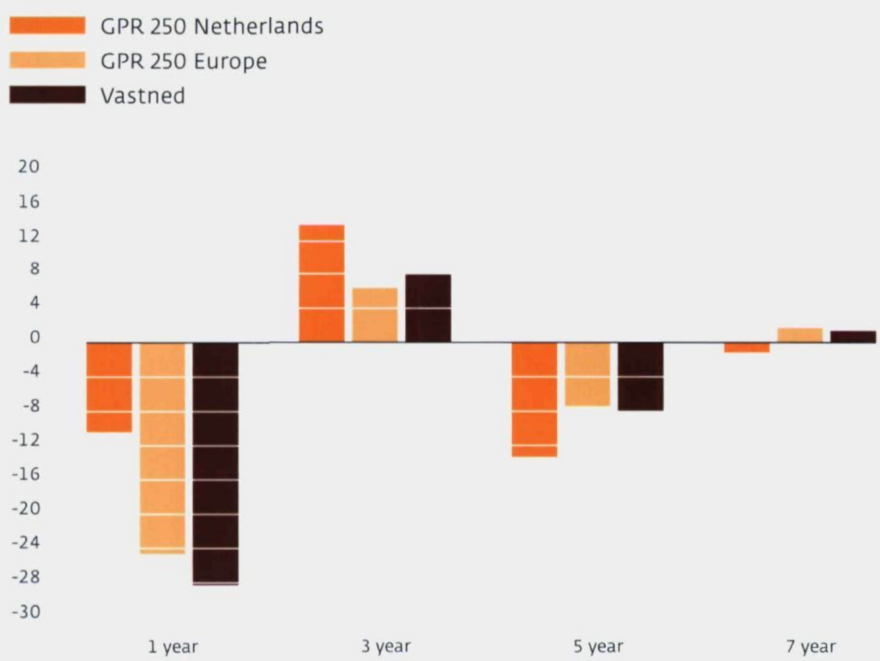
DUTCH PROPERTY FUNDS

DEVELOPMENT PREMIUM (DISCOUNT) (in %)



TOTAL ANNUAL RETURN in %

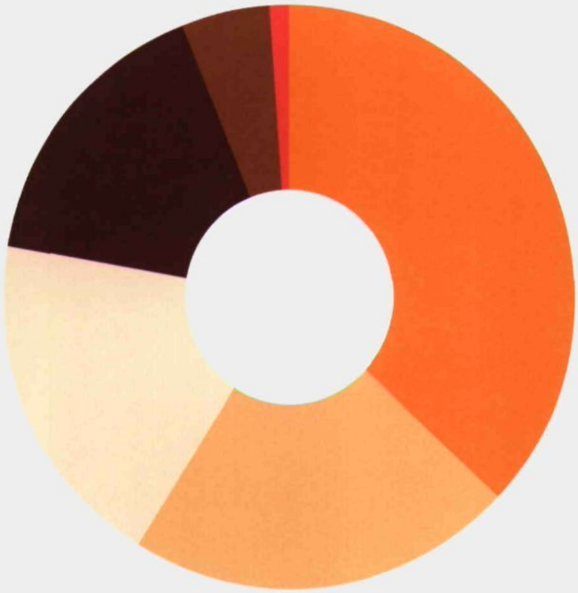
Source: Global Property Research (GPR), Bloomberg



GEOGRAPHICAL SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

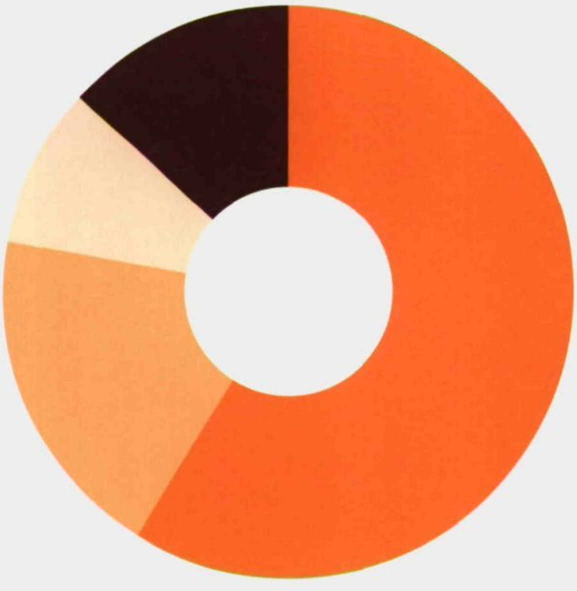
- Netherlands 37
- France 22
- Spain 19
- Belgium 16
- Turkey 5
- Portugal 1



INDUSTRY SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

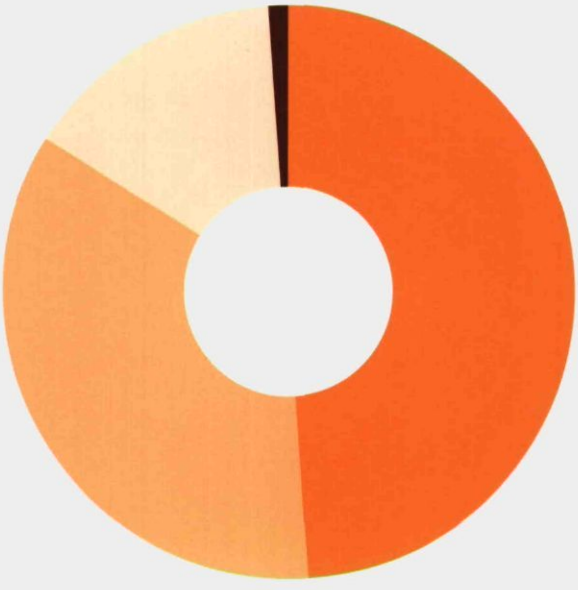
- Non-food 59
- Food 19
- Home and garden 9
- Other 13



SECTOR SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

- High street shops 49
- Shopping centres 35
- Retail warehouses 15
- Other 1

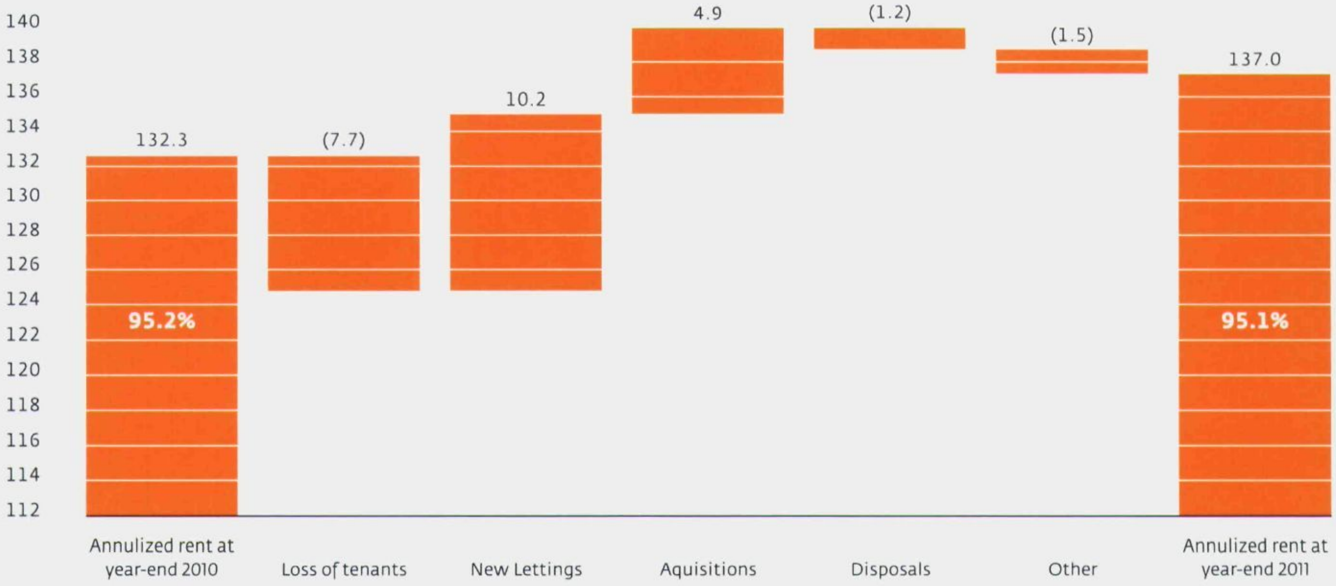


OCCUPANCY RATE in %

	Year-end 2011	Average 2011	Average 2010
Netherlands	96.5	96.6	97.6
France	94.3	94.4	92.9
Spain	92.4	92.6	91.7
Belgium	96.6	97.6	99.0
Turkey	100.0	96.0	83.3
Portugal	100.0	100.0	100.0
Total	**95.1**	**95.4**	**95.2**

MOVEMENT SPOT OCCUPANCY

GROSS RENTAL INCOME (x € 1 million)



TOTAL LEASING ACTIVITY in %

	Leasing activity		New leases		Lease renewals	
	Change in gross rental income	Volume	Change in gross rental income	Volume	Change in gross rental income	Volume
Netherlands	6.0	6.0	5.5	4.2	7.3	1.8
France	17.4	5.2	30.6	3.4	(3.4)	1.8
Spain	(18.7)	14.8	(18.7)	10.5	(18.8)	4.3
Belgium	4.2	14.1	(16.0)	3.7	11.3	10.4
Turkey	–	149.8	–	149.8	–	–
Total	**(2.7)**	**10.8**	**(4.6)**	**7.1**	**0.9**	**3.7**

LEASE INCENTIVES in %

	2011 actual	2010 actual	2011 IFRS	2010 IFRS
Netherlands	(0.7)	(0.5)	(0.5)	(0.5)
France	(2.7)	(1.6)	(1.9)	(1.7)
Spain	(7.5)	(6.4)	(6.3)	(5.8)
Belgium	(2.0)	(1.5)	(1.4)	(1.9)
Turkey	–	–	–	–
Portugal	–	–	–	–
Total	**(2.9)**	**(2.4)**	**(2.3)**	**(2.3)**

VALUE MOVEMENTS INVESTMENT PROPERTIES

	Netherlands	France	Spain	Belgium	Turkey	Portugal	Total
Value movements (x € 1 million)							
1st quarter 2011	6.9	0.7	0.6	10.4	1.5	0.1	20.2
2nd quarter 2011	5.3	9.6	(2.3)	1.7	0.3	–	14.6
3rd quarter 2011	(11.0)	4.3	(4.9)	4.0	0.9	–	(6.7)
4th quarter 2011	0.4	5.1	(5.0)	3.1	0.7	–	4.3
Total 2011	1.6	19.7	(11.6)	19.2	3.4	0.1	32.4
Total 2010	11.4	22.1	(4.5)	4.5	2.2	(0.2)	35.5
Theoretical net yields (in %)							
Year-end 2011	6.1	5.8	7.7	6.3	5.1	7.2	6.4
Year-end 2010	6.2	6.1	7.8	6.6	5.8	8.8	6.6

TOP 10 TENANTS

AS AT 31 DECEMBER 2011

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M	8.0	5.8	14	22,896
2	Inditex[1]	6.3	4.6	23	17,231
3	Auchan	3.5	2.6	11	24,730
4	Blokker	2.6	1.9	28	16,524
5	Ahold	2.4	1.8	10	13,551
6	A.S. Watson	2.3	1.7	27	10,881
7	Metro	2.0	1.5	3	13,872
8	Armand Thiery	2.0	1.5	12	6,989
9	E.Leclerc	1.9	1.4	2	13,146
10	Macintosh	1.5	1.1	17	12,048
		32.5	**23.9**	**147**	**151,868**

1 Including already contracted tenant investment property in pipeline.

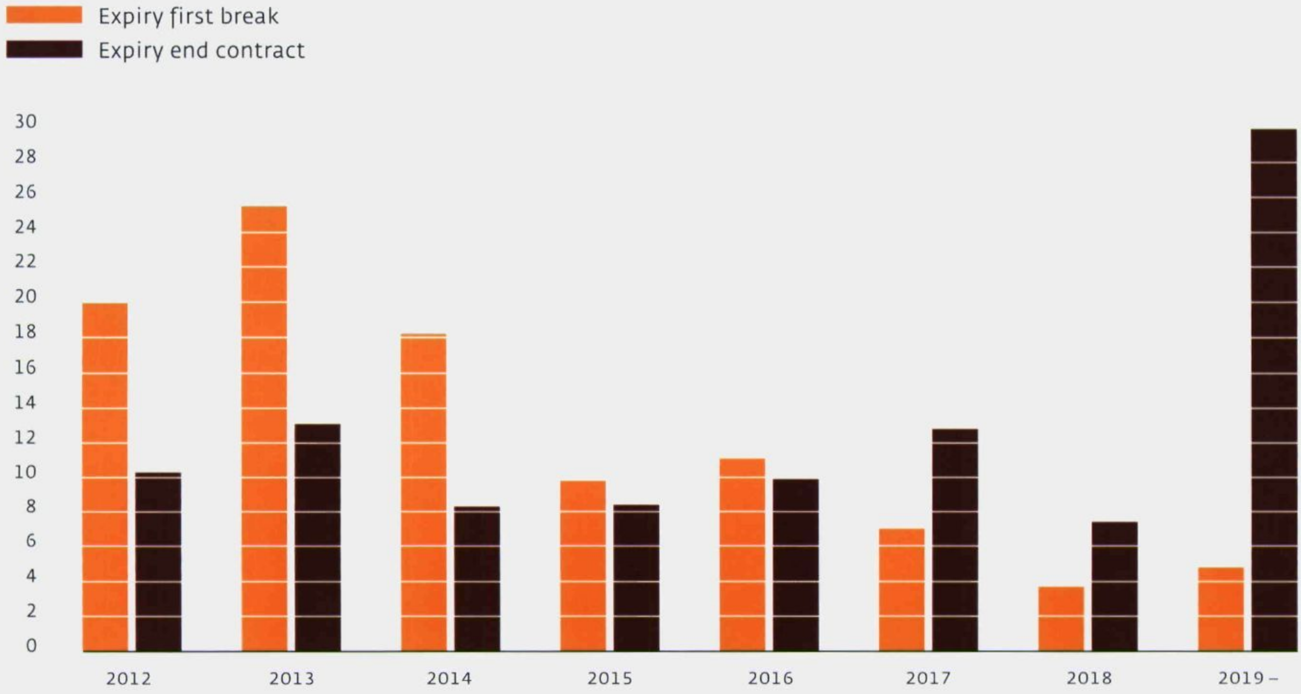
(OVER)/UNDER RENT € x 1 million

	Theoretical rental income	Market rent	(Over)/ under rent (in %)
Netherlands	55.5	57.8	3.9
France	28.9	30.4	4.8
Spain	34.3	31.7	(8.3)
Belgium	22.7	23.0	1.4
Turkey	1.6	1.8	13.4
Portugal	1.0	0.9	(14.1)
Total	**144.0**	**145.6**	**1.1**

EXPIRY DATES LEASE CONTRACTS

TOTAL PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 3.0 years and based on end contract 6.2 years.



THE NETHERLANDS

THE DUTCH PROPERTY PORTFOLIO

PROPERTIES

The Dutch property portfolio constitutes 37% of the total property portfolio (in operation and in pipeline). The Dutch property portfolio in operation is characterised by a large number of properties (306) and tenants (758, excluding apartment tenants). The majority of these are high street shops (53%). The remaining investment properties consist of shopping centres (34%), retail warehouses (12%) and other investment properties (1%).

OCCUPANCY RATE

The Dutch property portfolio is well let. The occupancy rate of this segment of the property portfolio in operation at year-end 2011 was 96.5% (year-end 2010: 97.6%). The average occupancy rate was 96.6% (year-end 2010: 97.6%). The vacancies are due to a number of properties, including the Retail Park Roermond, that at the beginning of the financial year had an 83% occupancy rate. Proactive asset management resulted in an improvement in this property in 2011. A lease was signed with a new tenant in the fourth quarter of 2011 as a result of which the Retail Park Roermond's occupancy rate improved. Another two new leases were signed after the balance sheet date, as a result of which the Retail Park Roermond's occupancy rate climbed to 91%.

LEASING ACTIVITY

Maintaining the occupancy rate at the currently high level, thus ensuring continued stable cash flows, requires a proactive attitude. If the opportunity presents itself, existing tenants are replaced by better performing retailers, if possible at more attractive lease conditions. The volume of new leases and lease renewals amounted to € 3.3 million (2010: € 1.8 million), or 6.0% (2010: 3.4%) of the theoretical gross rental income, whereby leases on average were concluded 6.0% above the previous rent level (2010: 10.7%). Taking lease incentives into account, the effective rent level was 0.9% above the previous rent level. Attractive new leases in 2011 were as follows: the Pull & Bear fashion chain at Spuistraat 13 in The Hague for 662 sqm, Mango for 604 sqm at Oudegracht 153 in Utrecht and bed specialist Swiss Sense in Retail Park Roermond for 1,035 sqm. New leases totalled € 2.3 million (2010: € 1.2 million) or 4.2% of the theoretical gross rental income (2010: 2.3%). On average, these were 5.5% above the previous rent level (2010: 6.8% above the previous rent level). New leases totalled € 1.0 million (2010: € 0.6 million) or 1.8% of the theoretical gross rental income (2010: 1.2%). On average, these were 7.3% above the previous rent level (2010: 18.2%). Examples of lease renewals are: Miss Sixty fashion chain for 344 sqm at Kalverstraat 182 in Amsterdam, Invito shoe specialist shop for 380 sqm at Leidsestraat 5 in Amsterdam and fast food chain Bram Ladage at Zuidplein Hoog 731 in Rotterdam for 50 sqm.

LEASE INCENTIVES

The provision of lease incentives in the Dutch property portfolio remained limited to only 0.5% (2010: 0.5%) of the gross rental income.

TENANTS

Spread is an important Vastned characteristic. This spread is apparent from the largest top 10 tenants in the Dutch property portfolio that represent 25% of the total Dutch rent and is obtained from 96 retail units.

MARKET RENT

On average, the Dutch property portfolio was let at 3.9% below market level.

LEASE EXPIRY DATES

The lease expiry schedule provides a good balance between risk spreading and opportunity. An overview of the existing leases at year-end 2011 is shown in the graph on page 38. The average remaining contract term is 4.1 years (2010: 4.0 years), which is equal to the average time remaining until the next optional termination date.

ACQUISITIONS

At the beginning of March 2011, 33 shops were acquired in the Walburg shopping centre in Zwijndrecht (Rotterdam region) for an amount of € 40.4 million (including acquisition costs). The Walburg shopping centre is Zwijndrecht's premiere shopping centre and offers an ample supply of both daily and not daily needs. The shopping centre comprises 100 shops covering a total floor area of approximately 28,000 sqm. Over 700 parking spaces are available at ground level and in an adjacent one-storey parking garage. Most of the 33 shops acquired by Vastned are leased to national retail chains such as HEMA, Jumbo supermarket chain, Kruidvat chemist's chain, Hans Anders optometrists and the Hunkemöller lingerie chain. The total lettable floor space acquired by Vastned is approximately 14,000 sqm with an annual rent of approximately € 2.9 million. The net initial yield was approximately 6.1%.

DISPOSALS

Five properties were sold in 2011 for a total of € 7.1 million. The positive result from these disposals in relation to the latest appraised value amounted to € 0.3 million. Following the close of the financial year, disposals were completed with proceeds amounting to € 23.0 million. These disposals are consistent with the sharpened strategy that calls for investments in the very best streets of the large and medium-sized cities in the Netherlands.

INVESTMENT PROPERTIES IN PIPELINE

Houten, Achterom 1-5 and Spoorhaag 130-134

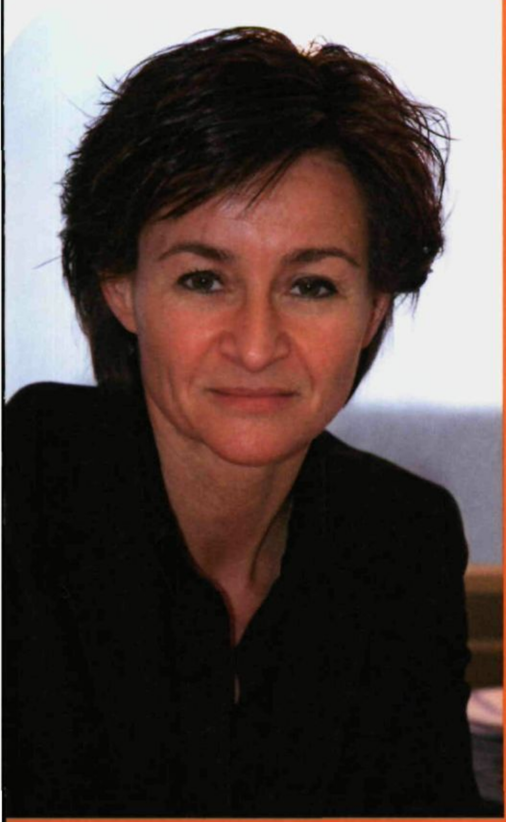
Vastned owns an office complex in the city's centre that was acquired for providing additional shops in the Het Rond shopping centre in Houten in the future. Its value at 31 December 2011 was € 2.4 million.

Lelystad, De Promesse 3-5 and 111

This concerns the units at the De Promesse city centre location taken into operation in 2009 that have not yet been let. The € 2.6 million total purchase price owed for these units remains outstanding and will be remitted as soon as the units are let. The value of these units as at 31 December was appraised at € 2.3 million by the external appraiser.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

The value movements in the Dutch property portfolio amounted to € 1.6 million positive (2010: € 11.4 million positive). The net yield as at 31 December 2011 was 6.1% (year-end 2010: 6.2%).

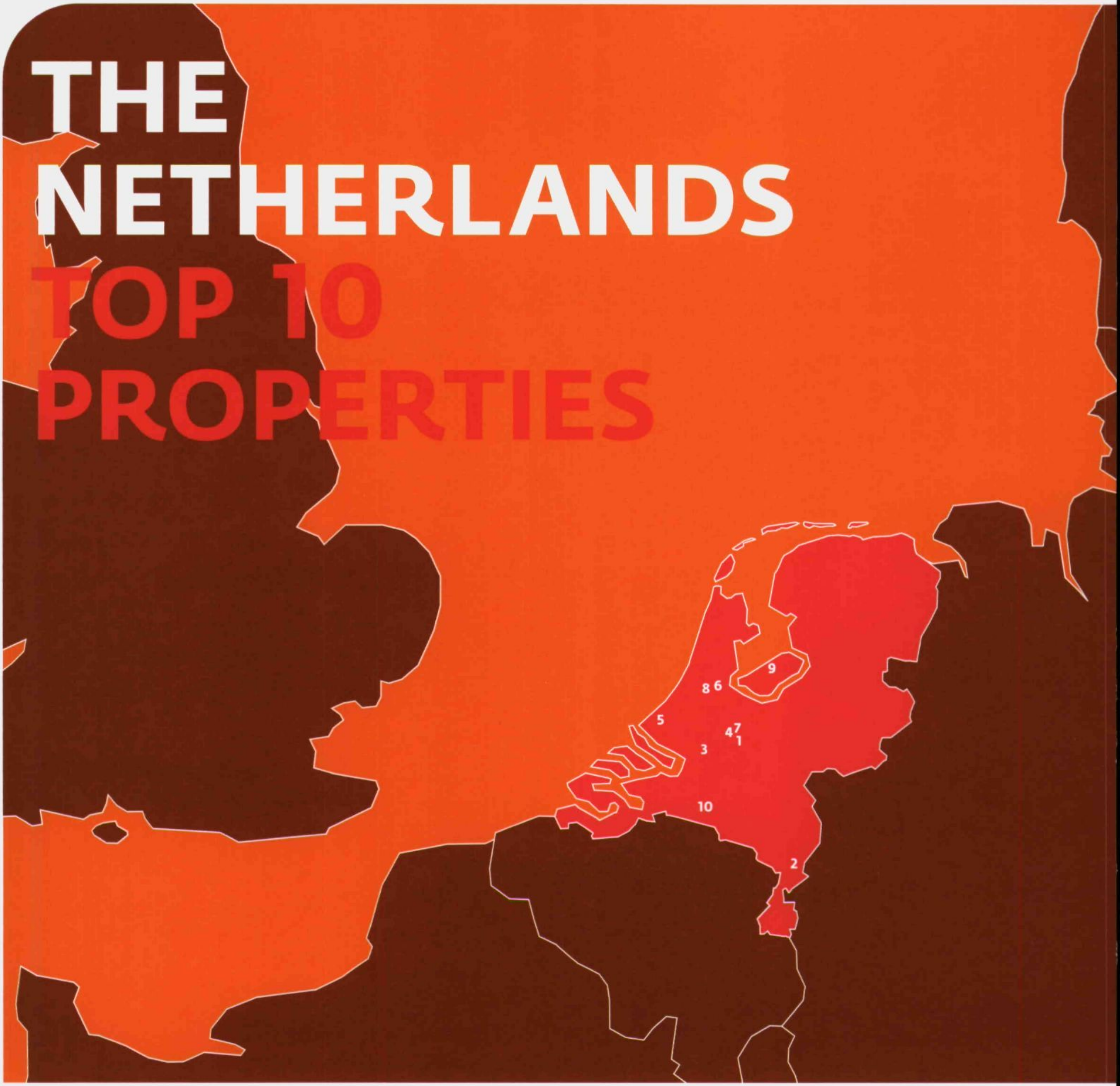


JACQUELINE VAN DER MISPEL, COUNTRY MANAGER THE NETHERLANDS

The crisis in the last few years has led to increased uncertainty among consumers in the Netherlands. Although Dutch unemployment is relatively low, consumers are seeing virtually no growth in their net income due to a combination of limited pay rises and rising taxes. There is also uncertainty about how tenable house prices are (partly because it is not clear to what extent mortgage interest will remain tax-deductible) and pensions (with index-linking not taking place). This has resulted in low levels of consumer confidence and consumers consequently postponing relatively major purchases. Despite these developments, there was an increase in sales via the internet at the same time. These developments have led Vastned to refine its strategy and focus on shops in the most popular shopping streets in larger towns and cities. Recent years have shown that the Dutch A1-locations are crisis-proof and that major retail companies prefer their branches to be in A1-locations. Foreign formats entering the Dutch market also have a preference for the same A1-retail locations. For example, the Pull & Bear fashion chain opened its first Dutch branch in 2011 in a Vastned property in Spuistraat in The Hague. The organic restaurant Exki also opened its first branch, on the Plein in The Hague.

In 2011, the Dutch team took action to further improve occupancy rates. One example is Retail Park Roermond, where in 2011 its measures led to a rise in this retail park's occupancy rate from 82% to 91%.
In addition, a number of premises that no longer fit in the amended strategy were sold. Rollout of the new strategy will continue into 2012 and more premises that no longer comply with the strategy will be sold. To replace them, high-quality premises will be acquired in the kind of attractive locations mentioned above.

THE NETHERLANDS TOP 10 PROPERTIES



	As at 31 December 2011 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Houten, shopping centre Het Rond	102.7	7.2	97.5	120	32,355
2	Roermond, Retail Park Roermond	49.0	3.9	86.4	17	34,098
3	Zwijndrecht, shopping centre Walburg	38.6	2.9	98.0	30	14,174
4	Utrecht, city centre	35.6	2.2	97.4	26	8,698
5	The Hague, city centre	33.1	2.0	90.8	25	6,320
6	Amsterdam, city centre	27.2	1.4	100.0	13	2,843
7	Utrecht, shopping centre Overvecht	22.1	1.6	82.5	13	5,374
8	Amsterdam, shopping centre Boven 't IJ	19.7	1.2	100.0	3	9,988
9	Lelystad, city centre	19.1	1.4	97.0	10	9,451
10	Breda, city centre	16.7	1.0	100.0	11	1,973
	Total	**363.8**	**24.8**	**94.7**	**268**	**125,274**


4
McDonald's
Leonidas


ROFRA Home


HEMA
3


6
Take-Two


Dixons
7


8
PANINI


H&M
9


DKNY
10

THE NETHERLANDS

TOP 10 TENANTS

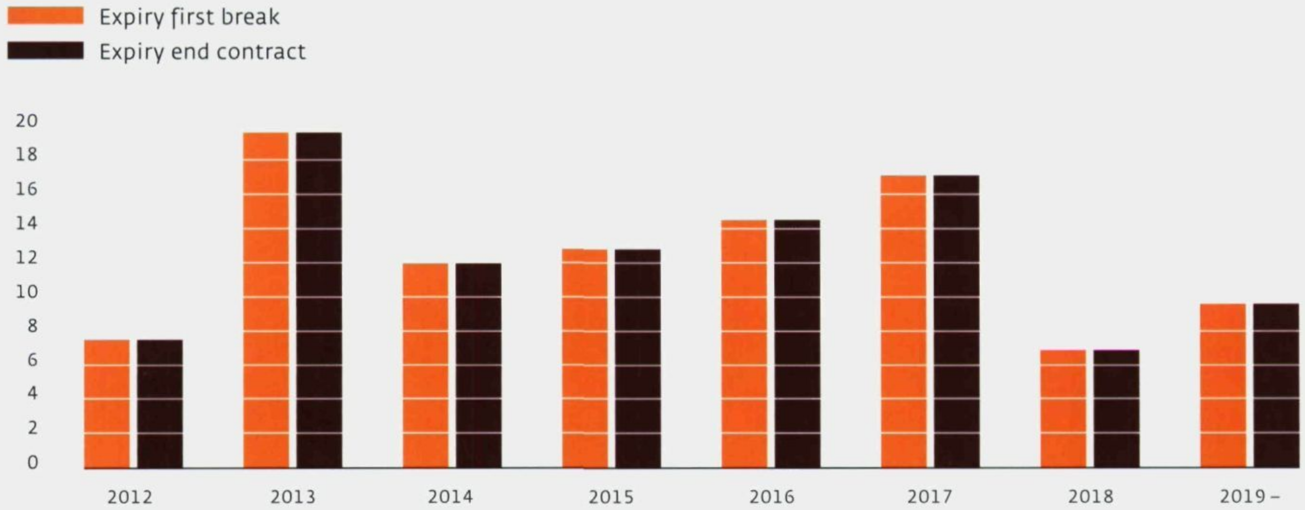
AS AT 31 DECEMBER 2011

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	Ahold	2.4	4.5	10	13,551
2	Blokker	2.0	3.7	20	10,516
3	A.S. Watson	1.8	3.4	20	8,042
4	Jumbo	1.3	2.4	4	8,554
5	V&D	1.1	2.1	2	9,795
6	Etam	1.1	2.1	10	3,025
7	Macintosh	1.1	2.0	13	8,251
8	C1000	0.9	1.7	6	5,636
9	Sperwer	0.9	1.7	5	6,799
10	Charles Vögele	0.8	1.4	6	5,323
		13.4	**25.0**	**96**	**79,492**

EXPIRY DATES LEASE CONTRACTS

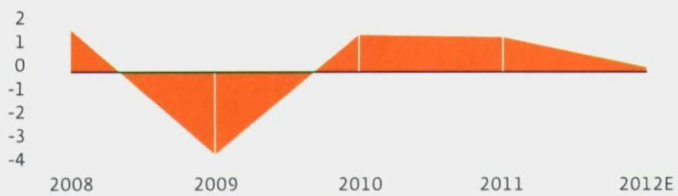
PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break as well as on end contract is 4.1 years.



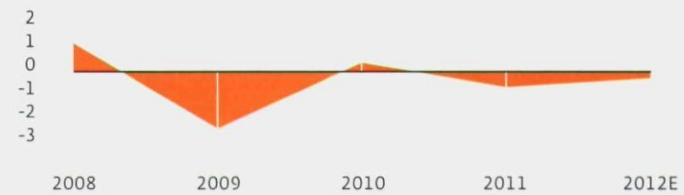
GDP GROWTH

ECONOMIC GROWTH (in %)



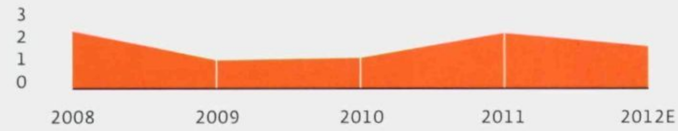
HOUSEHOLD CONSUMPTION GROWTH

GROWTH CONSUMER SPENDING (in %)



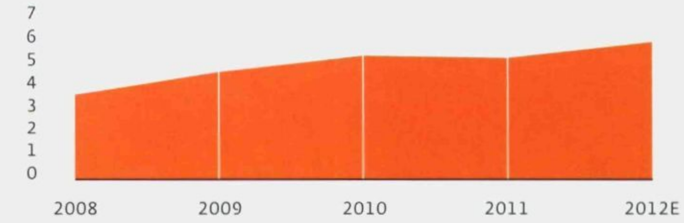
INFLATION CPI

DEVELOPMENT CONSUMER PRICES (in %)



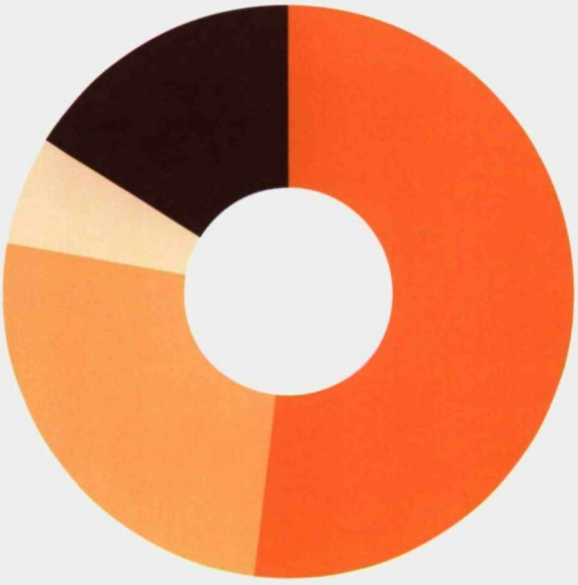
UNEMPLOYMENT

UNEMPLOYMENT AS % OF WORKING POPULATION



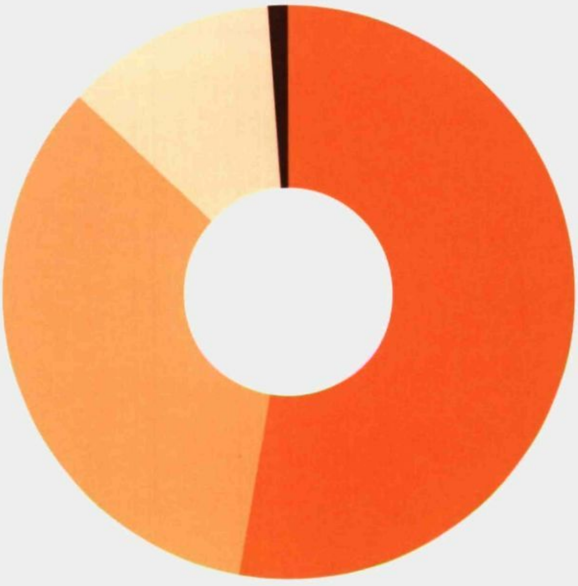
INDUSTRY SPREAD in %

- Non-food 52
- Food 26
- Home and garden 6
- Other 16



SECTOR SPREAD in %

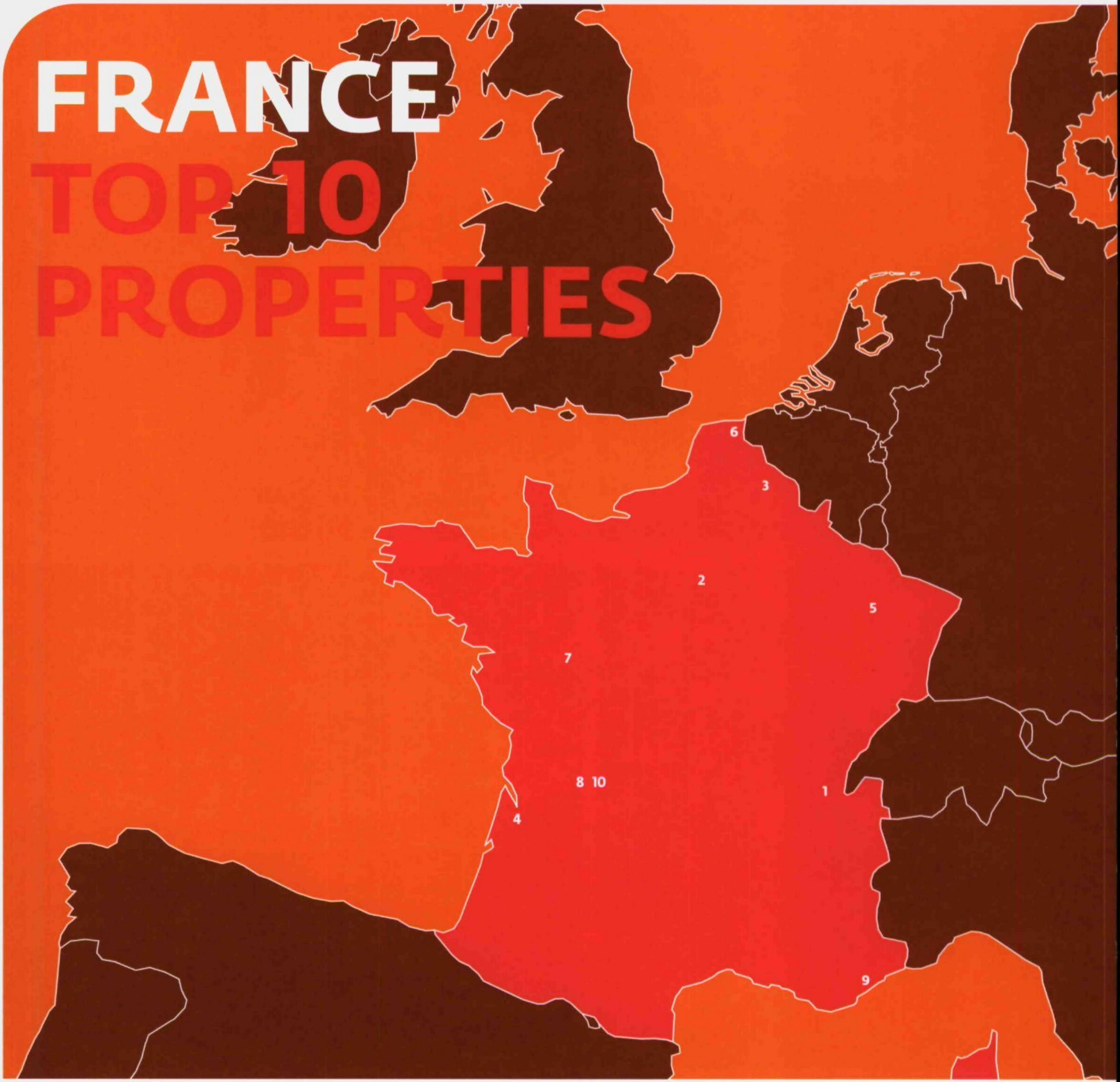
- High street shops 53
- Shopping centres 34
- Retail warehouses 12
- Other 1



'Vastned has welcomed the first Pull & Bear store in the Netherlands and in its property portfolio, the shop is located in the center of The Hague. This new letting is seamlessly with the sharpened strategy of Vastned. Where the focus is on high street shops on A1-locations.'
Jacqueline van der Mispel, director Vastned the Netherlands, Spuistraat 13, The Hague, the Netherlands


PULL&BEAR

FRANCE
TOP 10 PROPERTIES



	As at 31 December 2011 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Thoiry, Centre Commercial Val Thoiry	105.3	6.0	100.0	63	23,415
2	Paris, city centre	85.4	4.6	98.3	11	5,309
3	Lille, city centre	63.1	3.7	83.3	40	8,381
4	Bordeaux, city centre	28.8	1.7	96.1	17	4,938
5	Nancy, Rue Saint-Jean 44-45	28.7	1.7	96.3	6	4,794
6	Dunkirk, Centre Commercial Centre Marine	24.2	2.0	90.3	20	10,263
7	Angers, Rue Lenepveu 25-29	18.1	1.0	100.0	5	4,664
8	Limoges, Centre Commercial Limoges Corgnac	14.4	1.5	68.5	13	5,407
9	Nice, Route de Grenoble 604	8.7	0.6	100.0	1	2,067
10	Limoges, Centre Commercial Beaubreuil	6.8	0.5	89.6	14	4,452
	Total	**383.5**	**23.3**	**93.6**	**190**	**73,690**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WWW.OXBOWWORLD.COM


1
GO
VAL TH


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LISSAC


3


5
H&M


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magasin
E.LECLERC


7
Kanaka
Kanaka


8
CENTRE COMMERCIAL


9
DECATHLON
DECATHLON
DECATHLON


10

FRANCE

TOP 10 TENANTS

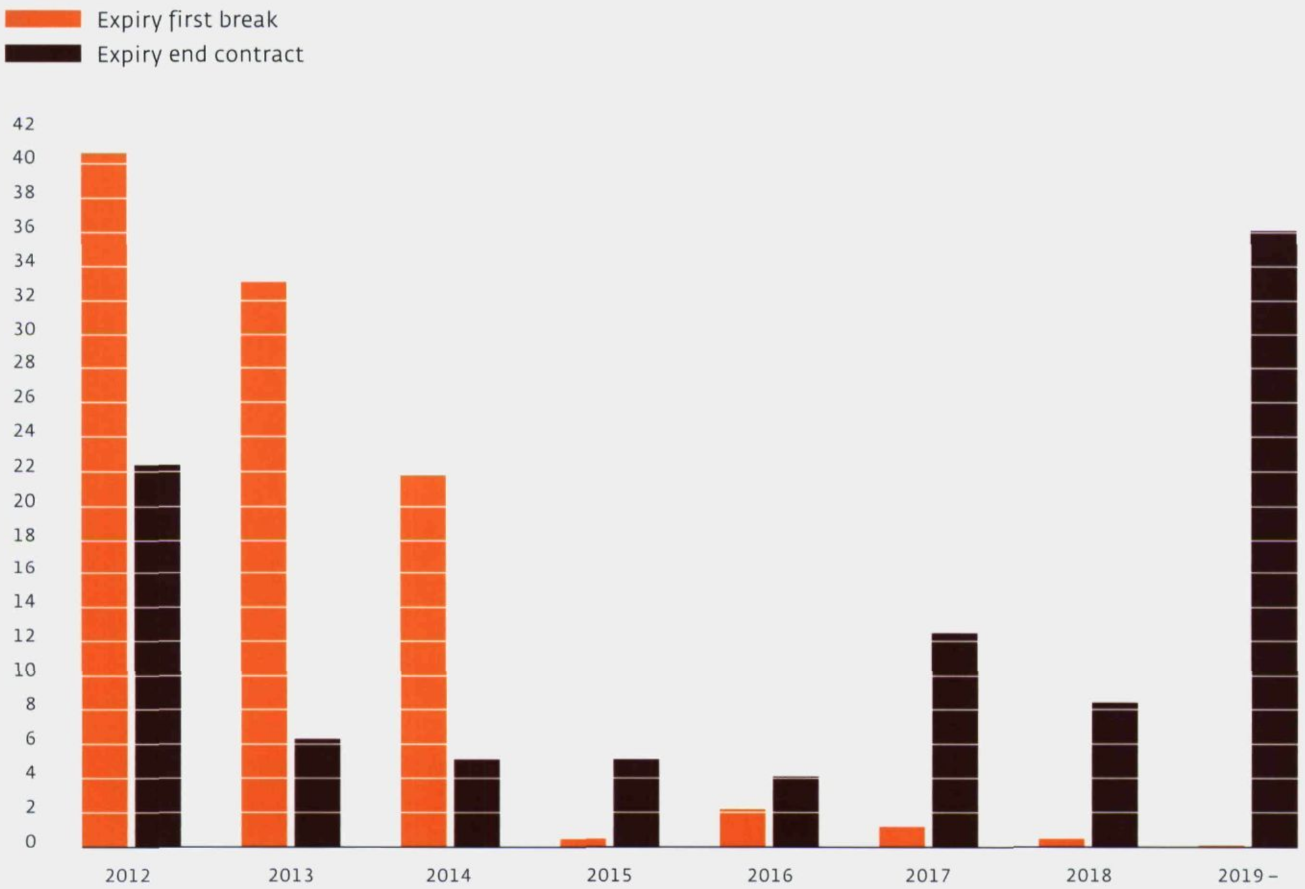
AS AT 31 DECEMBER 2011

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M	4.6	16.4	5	8,323
2	Armand Thiery	2.0	7.2	12	6,989
3	Auchan	1.3	4.7	5	11,379
4	Vivarte	0.8	3.0	5	5,238
5	PPR	0.8	2.9	3	4,065
6	Kesa	0.7	2.6	1	1,278
7	Etam	0.7	2.6	8	1,299
8	Célio International	0.7	2.5	6	1,430
9	Nocibé	0.6	2.1	4	1,633
10	Louis Vuitton	0.5	1.9	5	2,160
		12.7	**45.9**	**54**	**43,794**

EXPIRY DATES LEASE CONTRACTS

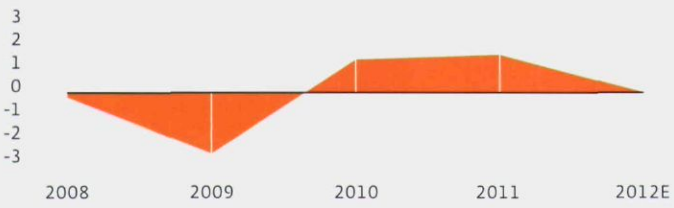
PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 1.4 years and based on end contract 5.3 years.



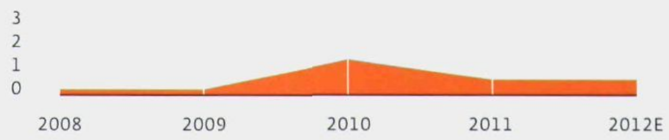
GDP GROWTH

ECONOMIC GROWTH (in %)



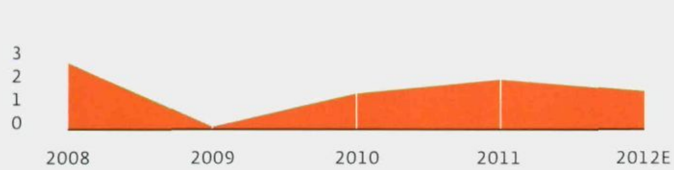
HOUSEHOLD CONSUMPTION GROWTH

GROWTH CONSUMER SPENDING (in %)



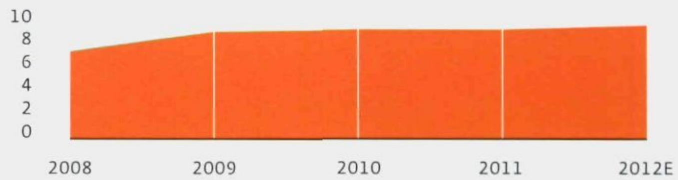
INFLATION CPI

DEVELOPMENT CONSUMER PRICES (in %)



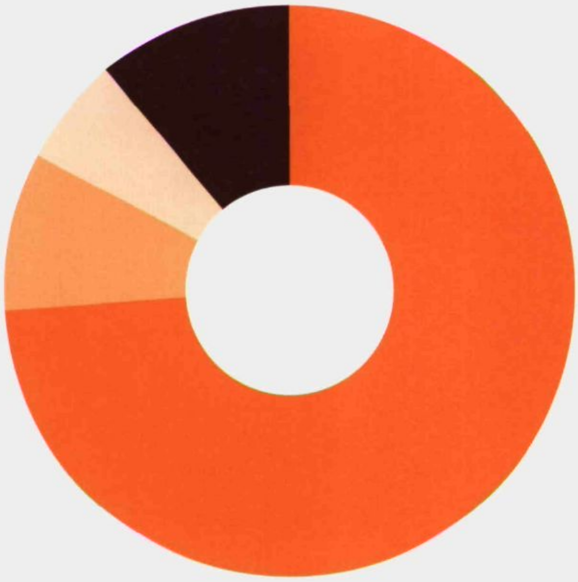
UNEMPLOYMENT

UNEMPLOYMENT AS % OF WORKING POPULATION



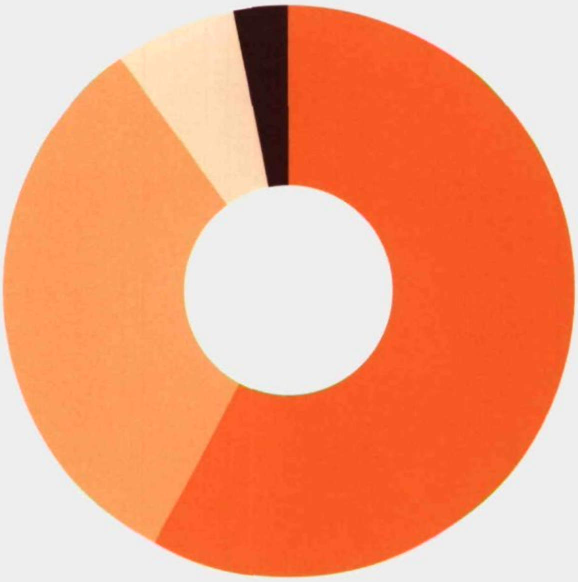
INDUSTRY SPREAD in %

- Non-food 74
- Food 9
- Home and garden 6
- Other 11



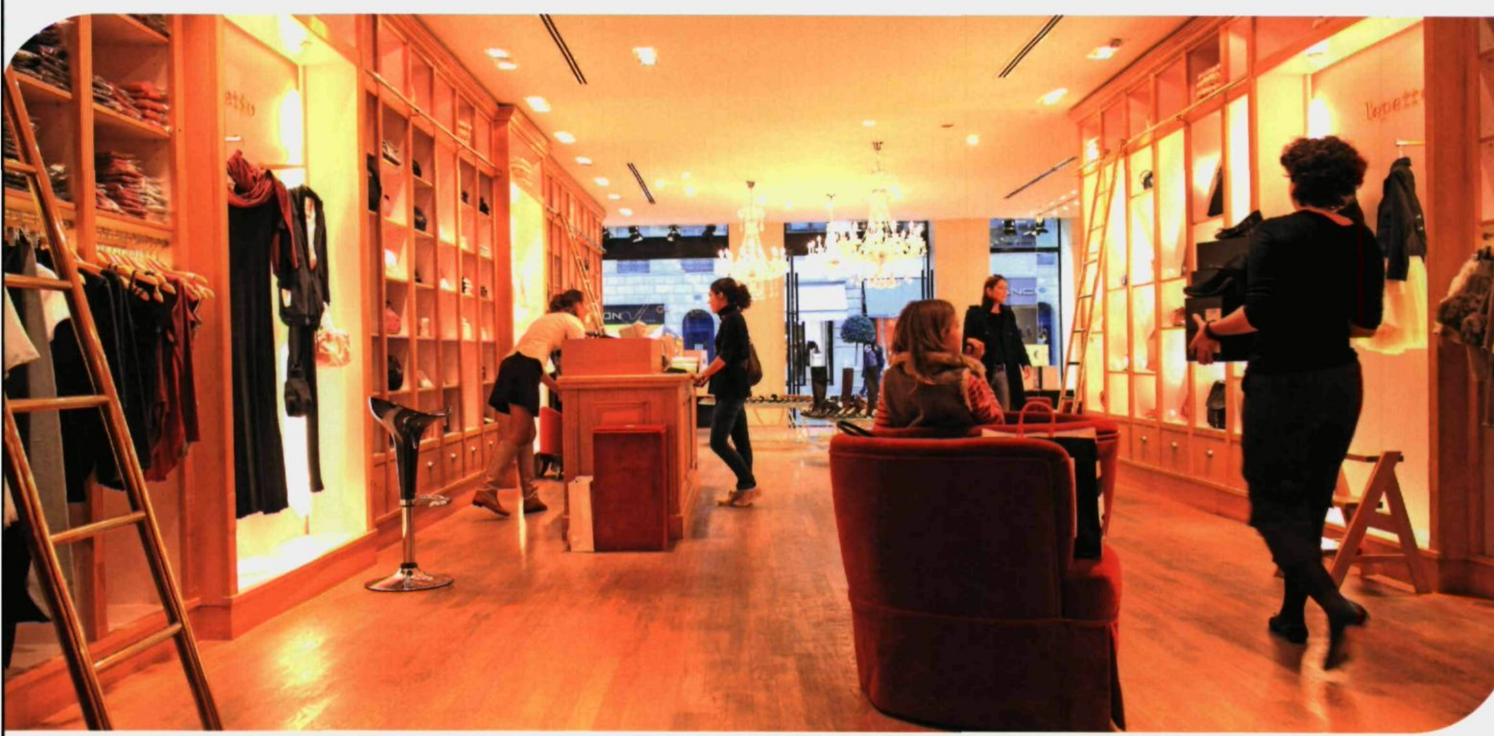
SECTOR SPREAD in %

- High street shops 58
- Shopping centres 32
- Retail warehouses 7
- Other 3



'Cours de l'Intendance is one of the most wonderful streets in the city centre of Bordeaux. It's not just retail space, the shops here are really embedded in the heart of the city.
The place breathes high fashion and the atmosphere is classic with a twist of sturdiness, it is a wonderful place for Repetto, it's a street where everyone feels at home, young, old, classy lad, cool surf dude or a young dancer looking for new pointes.' Repetto, Cours de l'Intendance 37, Bordeaux, France


repetto
repetto



FRANCE

THE FRENCH PROPERTY PORTFOLIO

PROPERTIES

The French property portfolio is Vastned's second largest portfolio, representing 22% of the total property portfolio, and comprises 125 properties with 254 tenants. The property portfolio is largely clustered in four regions, namely Paris (18%), Lille (14%), Bordeaux (6%) and Thoiry (23%). The property portfolio for the most part consists of high street shops (58%) and shopping centres (32%). The rest consists of retail warehouses (7%) and other, predominantly residential, property (3%). The latter category is considered non-core and will be sold in due course.

OCCUPANCY RATE

The occupancy rate of the French property portfolio at year-end 2011 was 94.3% (year-end 2010: 93.4%). The average occupancy rate rose from 92.9% to 94.4%. The improvement in the occupancy rate is due to a steady leasing activity in 2011 and the limited loss of rent due to departing tenants. The loss in rental income in 2011 due to 9 departing tenants amounted to € 0.3 million (2010: € 1.2 million). This was amply compensated by 17 new leases amounting to approximately € 1.0 million (2010: € 1.3 million).

LEASING ACTIVITY

The volume of leasing activity in 2011 was € 1.5 million or 5.2% of the theoretical gross rental income (2010: 10.4%). The rent level for the new lease contracts on average was 17.4% higher than the previous rent level (2010: 9.3% below the previous rent level). A total of 23 new leases and lease renewals were concluded. Taking lease incentives into account, the effective rent level of the new lease contracts was 2.9% above the previous rent level.
A number of these new lettings is worthy of mention, such as the letting of 200 sqm to the exclusive lingerie chain La Perla at Rue de la Grande Chaussée 25 in Lille, 159 sqm to fashion house Paule Ka at Cours Georges Clémenceau 12 in Bordeaux and 418 sqm to fashion house Kenzo at Rue des Chats Bossus 13 in Lille. Examples of lease renewals are: IKKS Junior fashion house for 107 sqm in the Val Thoiry shopping centre in Thoiry near Geneva and interior design specialist Côte Maison in the same shopping centre for 490 sqm.

LEASE INCENTIVES

Lease incentives in the French property portfolio amounted to 1.9% (2010: 1.7%) of the gross rental income.

TENANTS

The 10 largest tenants account for 45.9% of the total theoretical rental income in France obtained from 54 retail units.

MARKET RENT

On average, the French property portfolio was let at 4.8% below market level (2010: 3.5% below market level). This provides an indication that on average there is room for rent increases in renegotiating leases.

LEASE EXPIRY DATES

Leases in France are generally concluded based on the 3-6-9-system. This means that the duration of the contract is nine years and the tenant can give notice after three and six years. The average duration of leases, as shown in the graph on page 44, up to the tenants' first termination date is 1.4 years (2010: 1.5 years). Taking the total term of the lease agreements into account, this figure is 5.3 years (2010: 6.0 years).

ACQUISITIONS

In 2011, Vastned acquired a property portfolio with high street shops at top locations in the amount of € 30.1 million. This concerns the acquisition of nine high street shops in the heart of Bordeaux, locally known as the Golden Triangle. The total lettable floor area is 4,938 sqm. The portfolio also contains approximately 600 sqm in office space and 25 apartments. The shopping portion represents 83% of the total rental income. The gross rental income amounts to € 1.7 million per year and the occupancy rate is 97.1%. The tenants include international and national retail companies, such as the Bata shoe chain, the Oxbow surf fashion chain, Etam lingerie and the designer fashion chain Max Mara.

INVESTMENT PROPERTIES IN PIPELINE

Plaisir-Sablons shopping centre in Plaisir

This shopping centre is located 25 km to the south-west of Paris. Plans have been developed to redevelop and expand this shopping centre, resulting in a total lettable retail floor area of approximately 27,000 sqm. Vastned has no legal obligation to redevelop this shopping centre and does not intend to redevelop this property. Vastned is considering disposing of this property. The property is appraised at € 10.0 million as at 31 December 2011.

Rue Ernestale 35 in Arras

This concerns a portion of the property at Rue Ernestale 35 in Arras, suitable for future development. The value of this portion amounts to € 0.7 million.

DISPOSALS

Five small non-core investment properties located in Lille were sold for € 2.2 million in 2011. A net result of € 0.2 million was realised on these disposals.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

The unrealised value movements in the French property portfolio amounted to € 19.7 million positive (2010: € 22.1 million positive). This brings the net yield at year-end to 5.8% (year-end 2010: 6.1%).

BENOÎT DANTEC, COUNTRY MANAGER FRANCE

French GDP growth has remained relatively stable over the last 2 years. With an insignificant rise in the unemployment rate between 2010 (9.6%) and 2011 (9.7%), the French economy withstood the last financial crisis. However, an increase in the savings rate coupled with fiscal pressure due to the austerity measures imposed by the government in 2011, could lead to a slowdown in consumer spending and consequently have an impact on the retail market.

In addition, uncertainty surrounding the outcome of the presidential election in April 2012 may lead to cautious consumer behaviour for at least the first half of the year of 2012. For these reasons and others, our tenants may experience downturns in the coming months.

With respect to the real estate retail investment sector, a small decrease of minus 8% on € 3.3 billion in volume invested was reported for 2011. In spite of this, it has, been a good year.

The net yield on our top locations declined by 0.25% in 2011 but should remain stable in 2012, due to the high demand in this sector.

In 2011, our portfolio value increased by 6.4% on a like for like comparison and our occupancy rate rose from 92.9% to 94.3%.

According to the sharpened Vastned strategy we will re-profile our current portfolio step-by-step, keeping our trophy and core assets and selling off the less desirable buildings.

Once again the main characteristic of our French property portfolio is the spread and balance between the unit size (40 sqm & 8,000 sqm), locations, tenant mix and type of properties (high street 61%, shopping centres 32% and retail warehouses 7 %).
In 2011 we capitalized on the opportunity to acquire a small but prime portfolio of 9 high street shops in Bordeaux (south-west France) in the best part of the city centre (Rue Sainte Catherine and Cours de l'Intendance). These properties are fully let to international and national retailers like Repetto, Etam, Bata, Solaris and Oxbow.
Our enduring goal is to provide premium locations to our clients, thus affording them the opportunity to profitably run their businesses, while providing our shareholders a well-balanced risk/return profile.

SPAIN

THE SPANISH PROPERTY PORTFOLIO

PROPERTIES

The Spanish property portfolio at year-end 2011 represented 19% of the total property portfolio and consists mainly of medium-sized shopping centres (77%), along with a number of high street shops (12%) and retail warehouses (11%). Its composition in terms of the investment product deviates from what is considered desirable under the sharpened strategy. A relatively large share of shopping centres is historical in nature. Vastned's aim is to reduce the importance of shopping centres in the Spanish property portfolio.

OCCUPANCY RATE

In comparison to other countries, the Spanish economy can be qualified as very challenging. Thanks to the unrelenting efforts of the team of Spanish property specialists, the occupancy rate of the Spanish property portfolio remained high and was at year-end 2011 92.4% (year-end 2010: 91.9%). The average occupancy rate exhibited the same pattern and over 2011 was 92.6% (2010: 91.7%). In 2011, 43 leases (2010: 52) were terminated representing € 3.4 million (2010: € 3.3 million) in gross rental income. This was offset by the conclusion of 30 new leases (2010: 44) that accounted for € 3.6 million (2010: 2.6 million) in gross rental income. Maintaining the occupancy rate has the very highest priority for the Spanish property portfolio. Maintaining the current high occupancy rate guarantees the appeal of the shopping centres. As warranted, lease discounts are being offered to existing tenants during the tenancy period.
The performance of the high street shop segment exhibited a more favourable picture with a 100% occupancy rate and persistently favourable rental levels.

LEASING ACTIVITY

The average rent/sales ratio of our tenants stabilised at a level of 11.4% in 2011 (2010: 11.3%). These sales levels are a determining factor in the rents retailers can afford to pay and consequently affect leasing activity. The volume of new leases and lease renewals amounted to 14.8% of the theoretical gross rental income (2010: 10.4%), representing a total of € 5.1 million (2010: € 3.6 million). Rents for the new lease contracts were on average 18.7% below the previous rent level (2010: 10.7%). Taking the lease incentives into account, the effective rental level of the new leases and lease renewals was 21.9% lower than the previous rent level.
Key new leases in 2011 were as follows: the electronics chain Worten 2,589 sqm in Centro Comercial Montigalá in Badalona, I-Fitness for 1,723 sqm in Centro Comercial Getafe III in Madrid and the supermarket chain E. Leclerc for 10,173 sqm in Centro Comercial Madrid Sur in Madrid.
Various lease renewals were also concluded. Examples of lease renewals are:the clothing chain New Yorker for 590 sqm in Centro Comercial Getafe III in Madrid and the clothing chain Benetton for 88 sqm in Centro Comercial Las Atalayas in Murcia.

LEASE INCENTIVES

The lease incentives on leases amounted to 6.3 % of the gross rental income (2010: 5.8%). This includes incentives agreed on when a lease is signed, as well as incentives granted as a concession to tenants in existing situations.

TENANTS

The 10 largest tenants account for 38.2% of the total theoretical rental income in Spain. This rental income is obtained from 58 retail units, which guarantees a good spread.

MARKET RENT

On average, the Spanish property portfolio was let at 8.3% above market level (2010: 7.3% above market level).

LEASE EXPIRY DATES

The graph on page 56 shows the expiry dates of the leases. The average term of the leases in the Spanish property portfolio, measured up to the end of the lease, is 9.7 years (2010: 10.9 years). Based on the first termination option, the average duration is 2.8 years (2010: 2.8 years).

ACQUISITIONS

There were no acquisitions in 2011.

DISPOSALS

There were no disposals in 2011.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

The value movements in investment properties in 2011 totalled € 11.6 million negative (2010: € 4.5 million negative). The net yield at year-end 2011 was 7.7% (year-end 2010: 7.8%).

LUIS VILA BARRÓN, COUNTRY MANAGER SPAIN

We expected 2011 to be the beginning of the end of the crisis, but the reality is that there is a great deal of uncertainty surrounding the future of the Spanish economy, although the markets have differentiated Spain from Greece and Portugal. The new government is targeting to decrease the public deficit and has implemented financial and labour reform. In any case it will take some time before the results of these measures are visible and we still need to find ways to achieve economic growth and decrease unemployment. Some analysts forecast a decrease in the Spanish GDP of 1.5% and that unemployment levels will reach close to 25%. This environment, especially the aggressive measures taken to decrease the public deficit (significant tax increases, decreased public spending, ...) will certainly and negatively affect consumer behaviour.

Nonetheless, during 2011 we have been able to sign a significant number of new contracts and lease renewals totalling 8,311 sqm for new lettings and 4,959 sqm for renewals. This amounts to a total rent of € 2.9 million (excluding the 10,000 sqm in new lettings for the Madrid Sur hypermarket E'Leclerc). This has led to a slight increase in occupancy levels 92.6% (2010: 91.7%). In order to keep up the occupancy rates we had to grant incentives, rent reductions, rent decreases in new contracts, etc., although the effect on our net rental income has not been very significant (6.3% compared to 2010: 5.8%).

We expect 2012 to be the most difficult year of this crisis with many retailers wanting to leave their premises and with expansion plans being very limited. Under these circumstances there is one principal target we need to focus on: *Occupancy*. Trying to avoid a significant drop in occupancy levels is something that we have faced in the past and will continue to work toward. For this reason we will continue and even strengthen our policies of active management, which we already applied in 2011 as well. We will offer rental adjustments in return for longer contract terms.

It is our aim to be very close to our clients 'the retailers', by diligently helping to solve their problems and by trying to make our premises and shopping centres the 'Venues for Premium Shopping'. In this regard during 2011 we completed the refurbishment of the Madrid Sur shopping centre. In 2012 we intend to refurbish another two shopping centres (Las Rosas and Atalayas) and we are working to bring our co-owners together to participate in this project. Also continuing with our policy of decreasing the risk associated with leisure properties, we intend to convert yet another two cinemas into retail shops like we did with the Montigalá and Atalayas cinemas.

SPAIN
TOP 10 PROPERTIES

	As at 31 December 2011 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Madrid, Centro Comercial Madrid Sur	69.8	5.5	94.1	67	23,405
2	Malaga, Centro Comercial La Rosaleda	61.2	4.9	92.2	73	15,336
3	Madrid, Centro Comercial Las Rosas	50.7	4.1	95.7	90	8,254
4	Badalona, Centro Comercial Montigalá	40.5	3.4	91.2	54	11,396
5	Alicante, Parque Vistahermosa	37.8	4.5	82.0	8	34,609
6	Madrid, city centre	37.2	1.6	100.0	4	1,420
7	Madrid, Centro Comercial Getafe III	35.3	3.4	90.8	50	20,328
8	Murcia, Centro Comercial Las Atalayas	30.5	3.2	95.4	39	10,342
9	Burgos, Centro Comercial El Mirador	26.7	2.3	92.9	43	9,832
10	Castellón de la Plana, Calle Grecia 4	9.4	0.7	100.0	1	5,109
	Total	**399.1**	**33.6**	**92.2**	**429**	**140,031**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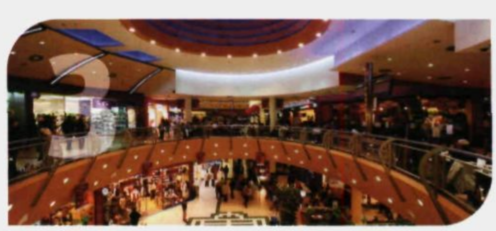
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SPAIN

TOP 10 TENANTS

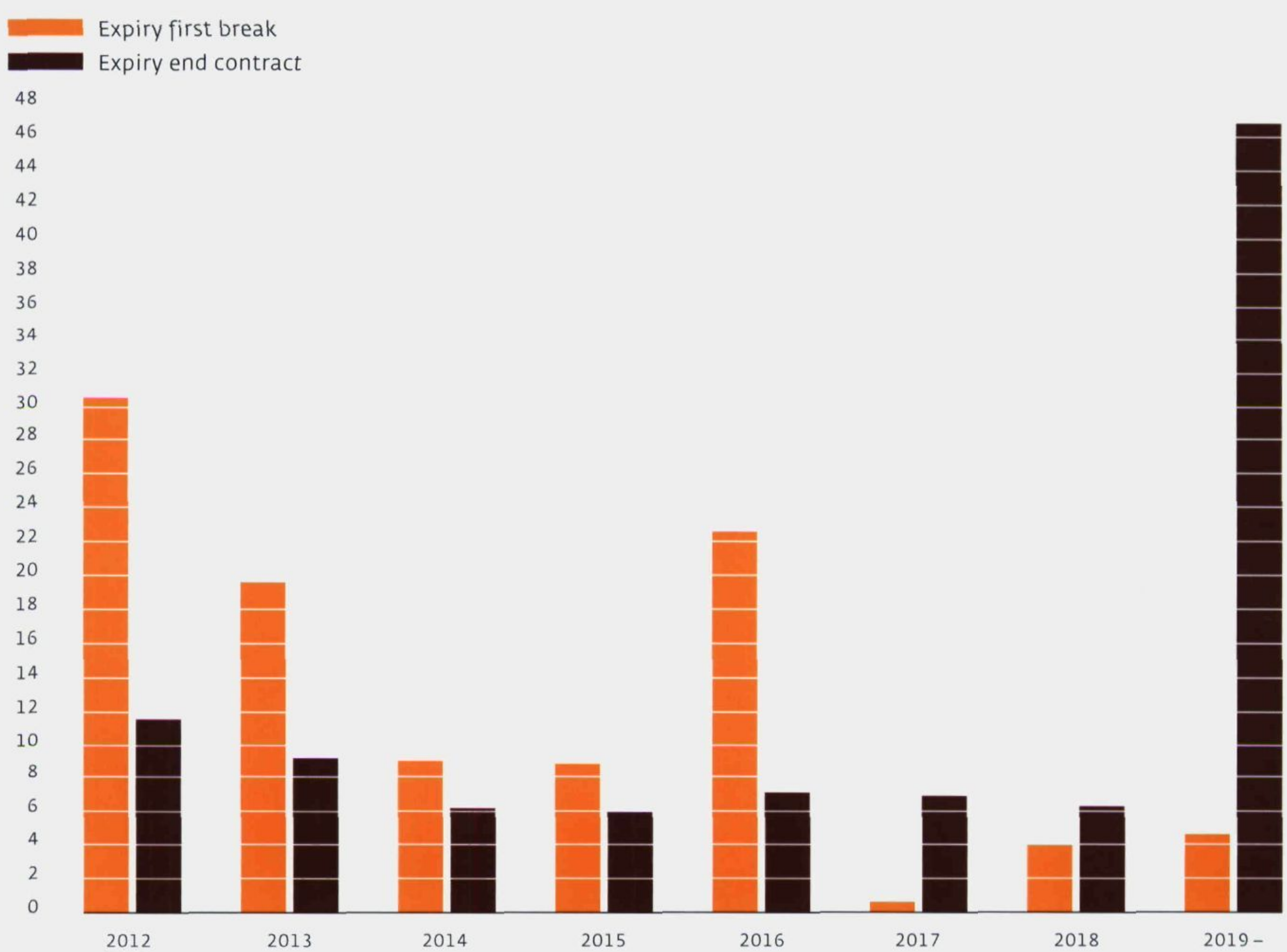
AS AT 31 DECEMBER 2011

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	Inditex	2.3	7.4	19	9,878
2	Auchan	2.2	7.3	6	13,351
3	E.Leclerc	1.7	5.6	1	10,173
4	Metro	1.5	4.8	2	9,462
5	Grupo Cortefiel	1.1	3.6	13	3,860
6	Mc Donalds	0.8	2.6	6	3,090
7	Salvatore Ferragamo	0.6	1.9	1	587
8	Decimas	0.6	1.8	8	1,754
9	Real Madrid	0.5	1.7	1	429
10	Metropolitan Sport	0.5	1.5	1	2,796
		11.8	**38.2**	**58**	**55,408**

EXPIRY DATES LEASE CONTRACTS

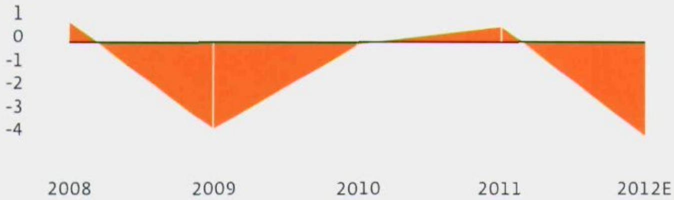
PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 2.8 years and based on end contract 9.7 years.



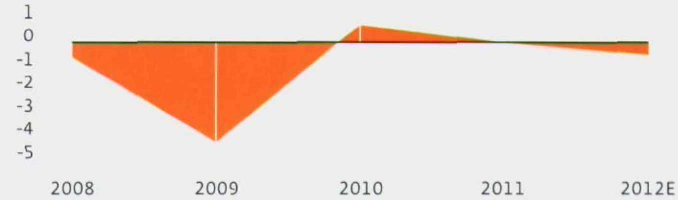
GDP GROWTH

ECONOMIC GROWTH (in %)



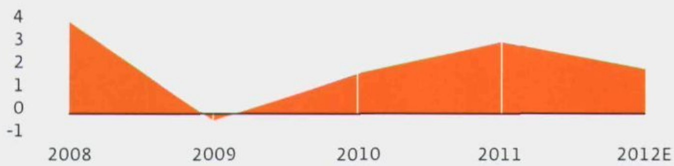
HOUSEHOLD CONSUMPTION GROWTH

GROWTH CONSUMER SPENDING (in %)



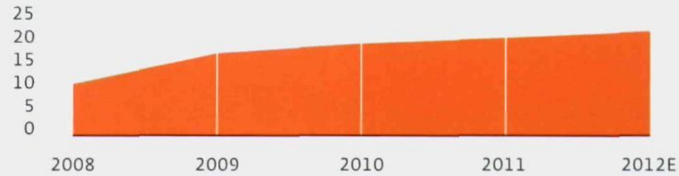
INFLATION CPI

DEVELOPMENT CONSUMER PRICES (in %)



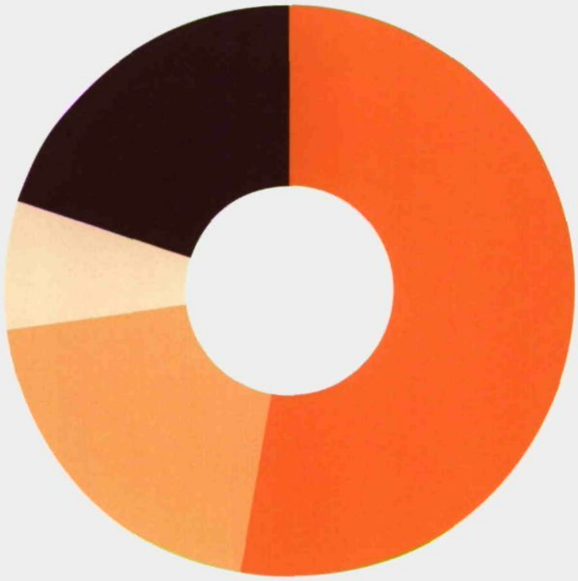
UNEMPLOYMENT

UNEMPLOYMENT AS % OF WORKING POPULATION



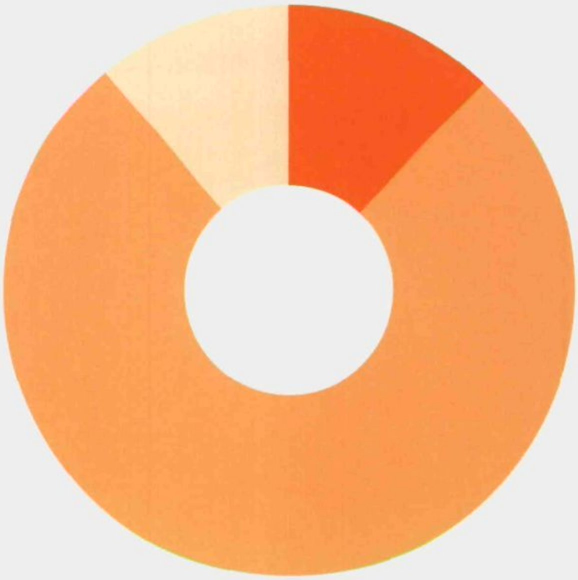
INDUSTRY SPREAD in %

Non-food 53
Food 20
Home and garden 7
Other 20



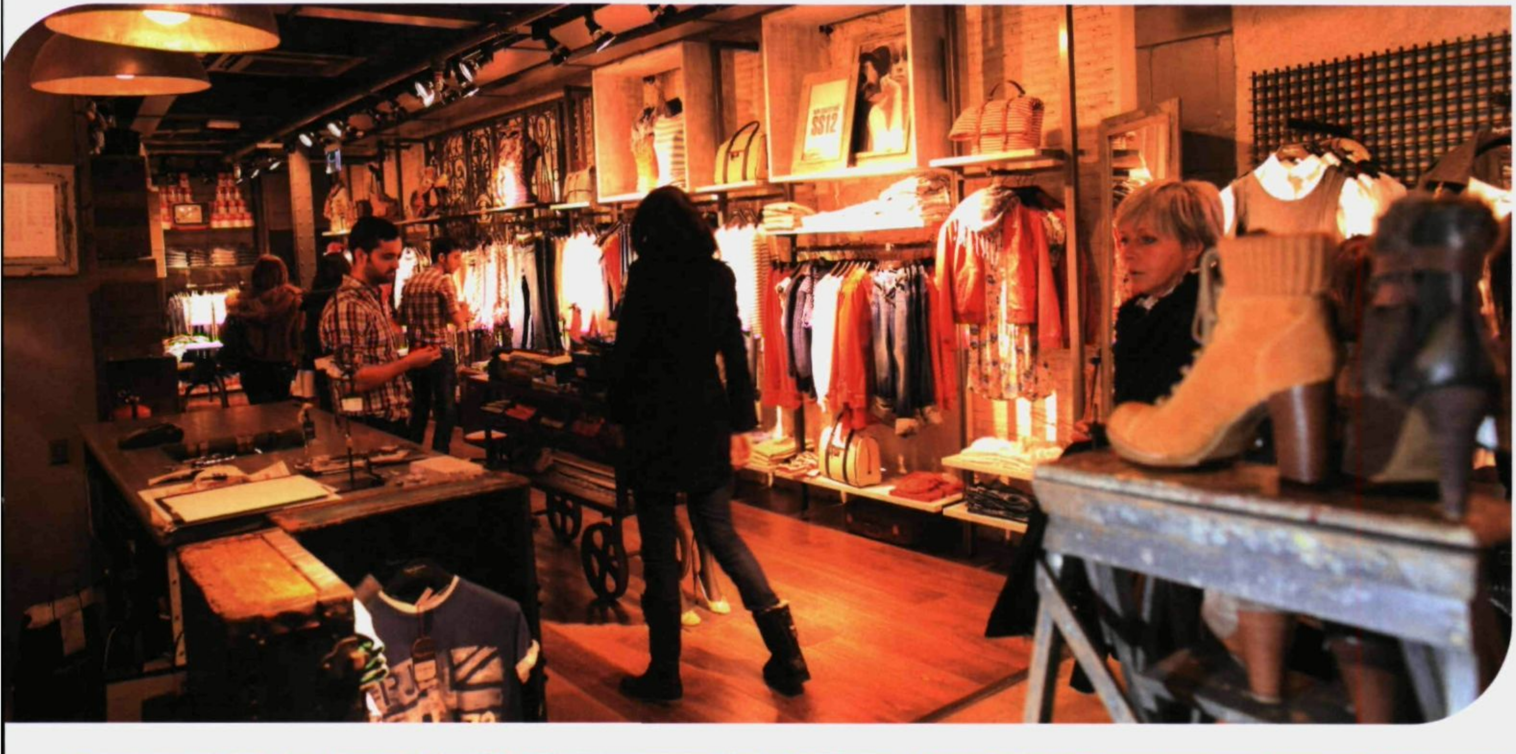
SECTOR SPREAD in %

High street shops 12
Shopping centres 77
Retail warehouses 11



'The unit is located in the central district of Madrid, in Calle de Fuencarral. More specifically, the property is in the pedestrian section, with a prominent position. Many of the best international firms are located there, and have a lot of public. Calle de Fuencarral has become a landmark of fashion design and modernity in Madrid. The location is well served by public transport and is a few meters away from the junction between Gran Via with Calle de Fuencarral.' Pepe Jeans, Calle de Fuencarral 25, Madrid, Spain


Pepe Jeans
LONDON
Pepe Jeans
HAVE
YOU
SEEN


SS12


50
2 CAMISETAS 30€
2 JEANS 95€
H&M
100%

BELGIUM TOP 10 PROPERTIES

	As at 31 December 2011 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Brussels, city centre	40.2	2.6	100.0	12	8,297
2	Antwerp, city centre	38.8	2.1	100.0	11	3,802
3	Tielt-Winge, Retailpark Gouden Kruispunt	28.1	1.8	100.0	22	18,861
4	Vilvoorde, city centre and retail warehouses	18.1	1.5	94.6	16	15,619
5	Bruges, Steenstraat 80	16.8	0.9	100.0	2	2,058
6	Mechelen, city centre	14.4	0.9	100.0	4	3,309
7	Tongres, shopping centre Julianus	11.8	0.9	90.0	17	8,459
8	Ghent, city centre	11.6	0.7	100.0	6	3,245
9	Leuven, Bondgenotenlaan 69-73	11.3	0.6	100.0	2	1,495
10	Wilrijk, Boomsesteenweg	10.3	0.7	100.0	7	6,347
	Total	**201.4**	**12.7**	**98.7**	**99**	**71,492**

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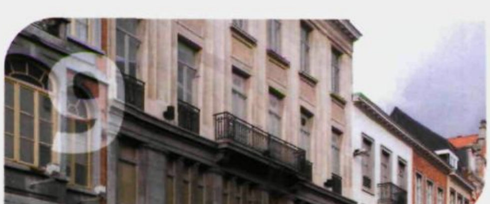

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BELGIUM

TOP 10 TENANTS

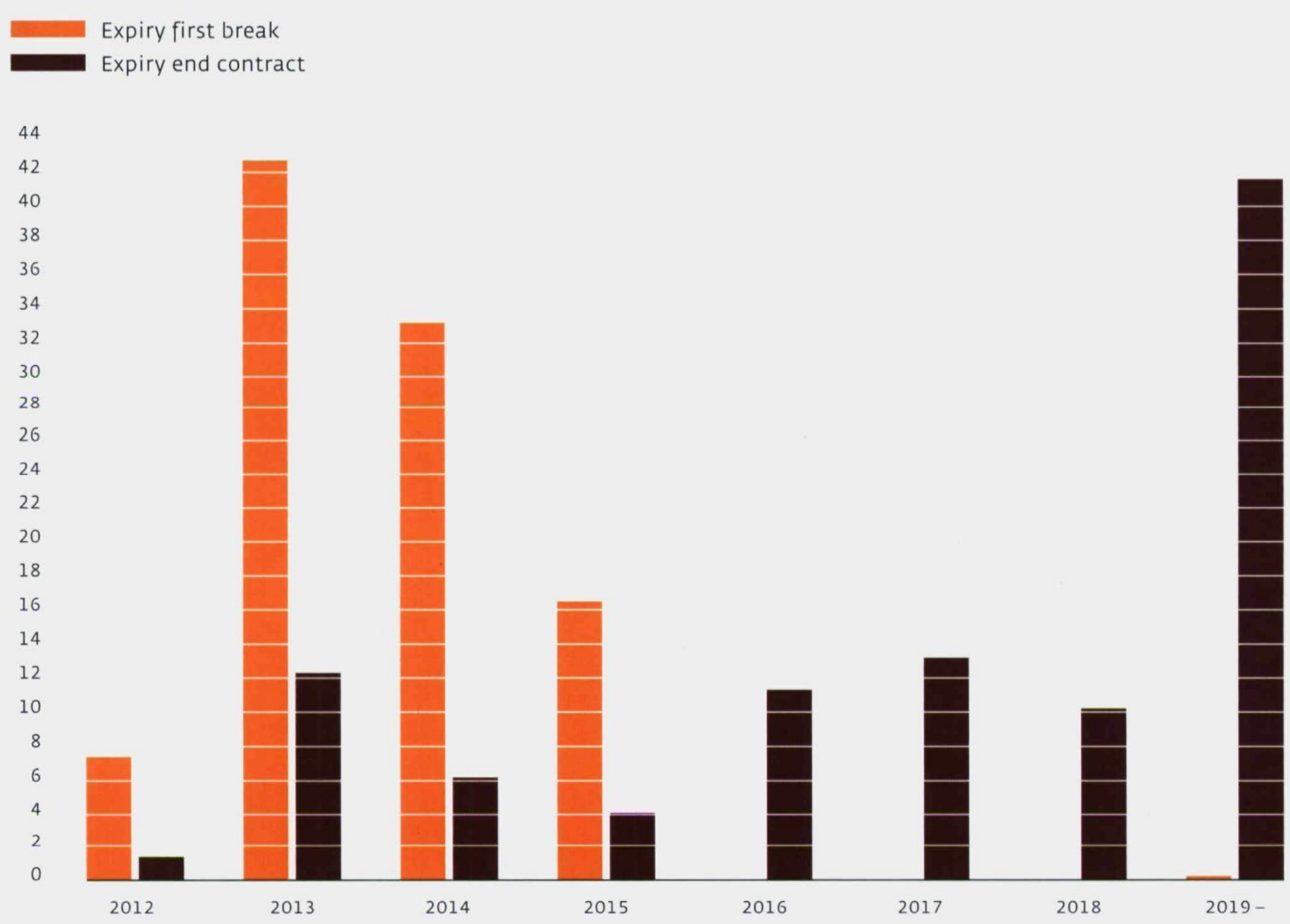
AS AT 31 DECEMBER 2011

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	H&M	2.7	12.1	6	10,283
2	ALDI	1.2	5.7	16	15,815
3	INDITEX	1.2	5.4	2	3,007
4	Décor Heytens	1.1	4.8	15	10,901
5	Euro Shoe Unie	0.9	4.3	8	7,545
6	Blokker	0.6	2.6	8	6,008
7	Maxeda	0.6	2.6	3	5,453
8	IC Companys	0.5	2.1	1	528
9	A.S. Watson	0.4	2.0	6	2,673
10	Kesa	0.4	1.9	4	3,619
		9.6	**43.5**	**69**	**65,832**

EXPIRY DATES LEASE CONTRACTS

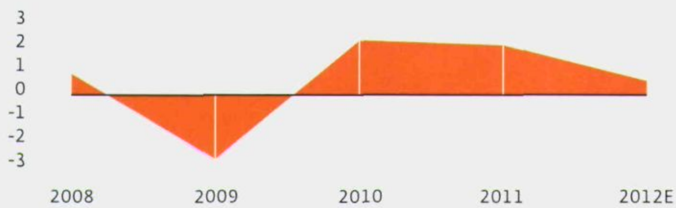
PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 2.8 years and based on end contract 7.1 years.



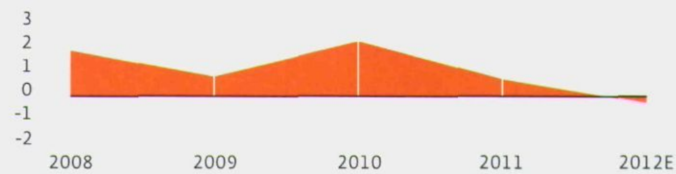
GDP GROWTH

ECONOMIC GROWTH (in %)



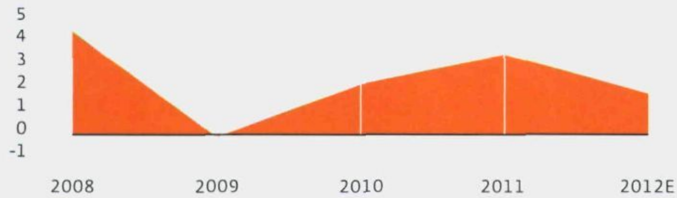
HOUSEHOLD CONSUMPTION GROWTH

GROWTH CONSUMER SPENDING (in %)



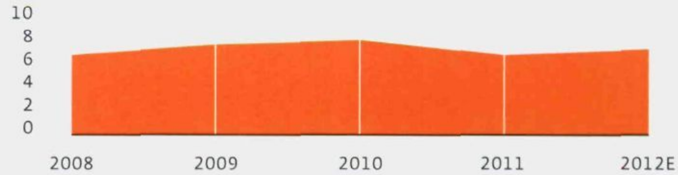
INFLATION CPI

DEVELOPMENT CONSUMER PRICES (in %)



UNEMPLOYMENT

UNEMPLOYMENT AS % OF WORKING POPULATION

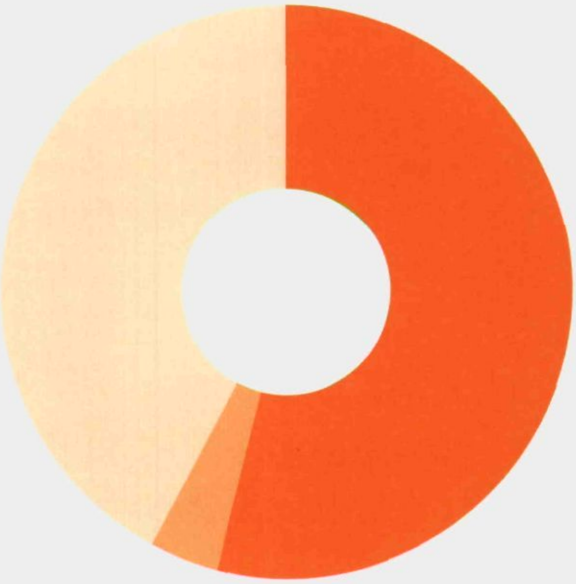


INDUSTRY SPREAD in %

- Non-food 59
- Food 16
- Home and garden 22
- Other 3

SECTOR SPREAD in %

- High street shops 54
- Shopping centres 4
- Retail warehouses 42



'In my opinion, Leysstraat is one of the most beautiful streets in Antwerp. The ambiance, the range of shops and the street's ample space is a true pleasure for any shopping passer-by. We are therefore more than pleased that InWear/Matinique is located in this specific spot on this wonderful shopping street. The building's glamorous appearance and location are perfectly suited for the sale of our fashion brands. This explains why we have been located here for many years already.'
Menno van de Klundert, InWear/Matinique Store Manager, Leysstraat 28-30, Antwerp, Belgium


Matinique

BELGIUM

THE BELGIAN PROPERTY PORTFOLIO

PROPERTIES

The composition of the Belgian property portfolio is solid and at year-end 2011 comprised 94 properties, primarily in the high street shops segment (54%), as well as retail warehouses (42%) and a shopping centre (4%).

OCCUPANCY RATE

The occupancy rate in the Belgian property portfolio was somewhat under pressure and at year-end 2011 was 96.6% (year-end 2010: 98.8%). The average occupancy rate in 2011 was 97.6% (2010: 99.0%). The 21 leases terminated in 2011 represented € 1.3 million (2010: € 0.5 million) in gross rental income, which was partially compensated by 15 new leases concluded in 2011, representing a total of € 0.8 million (2010: € 0.4 million) in gross rental income.

LEASING ACTIVITY

Leasing activity with 43 leases can be described as respectable in 2011. In total these represent a value of € 3.2 million in gross rental income (2010: € 1.7 million). Aside from the € 0.8 million in new leases referenced above, lease renewals in the amount of € 2.4 million (2010: € 1.3 million) were concluded. These leases, which represent 14.1% of the theoretical rental income were, concluded 4.2% above the previous rent level (2010: 2.8% below the previous rent level). Taking lease incentives into account, the effective rent level was 1.3% higher than the previous rent level. Examples of new leases are: 1,269 sqm at Gasthuisstraat 7 in Turnhout to the fashion chain Hennes & Mauritz and 1,054 sqm at the Rue de la Station 23 in Chênée to the Pizza Hut fast food chain. Examples of lease renewals are: 528 sqm at Meir 99 in Antwerp to the international fashion chain Massimo Dutti a total of 10,901 to the interior decorating specialist Decor Heytens at 15 different locations in the Belgian property portfolio.

LEASE INCENTIVES

The lease incentives on leases concluded amounted to 1.4 % of the gross rental income (2010: 1.9%).

TENANTS

The 10 largest tenants account for 43.5% of the total theoretical gross rental income in Belgium obtained from 69 retain units.

MARKET RENT

On average, the Belgian property portfolio was let at 1.4% below market level.

LEASE EXPIRY DATES

Leases in Belgium are generally concluded on the basis of the 3-6-9-system. This means that the tenant can give notice after three and six years. This seldom happens, however, since the tenant earns his living at and from the specific location of the shop. The overview of lease expiry dates as shown on page 62, differentiates between the expiry dates based on the termination date of the contract and a more conservative calculation based on the tenant's next optional termination date. The scope for increasing the rent plays a key role in the first method. The second method was devised from the point of view of risk management. The average term is 7.1 years (2010: 6.8 years). Based on the tenant's first option of termination, the average duration is 2.8 years (2010: 2.8 years).

ACQUISITIONS

Vastned acquired the Galerie Jardin d'Harscamp shopping complex with a total floor area of 2,331 sqm located at Place de l'Ange 4 in the top Namur shopping region (more than 100,000 inhabitants). The recently reconstructed Place de l'Ange, together with the Rue de l'Ange and the Rue de Fer, forms Namur's core shopping area. The shopping complex is located in direct proximity to Mango, Massimo Dutti and Zara. The building has a total commercial retail floor area of 2,228 sqm and 23 private underground parking spaces. At the time of acquisition, the shopping complex contained 17 smaller shops with tenants such as Club, Woman's Secret, Belgique Loisir, etc. The property was acquired with the intent of combining several retail units into a larger whole. In the meantime, a contract was signed after the balance sheet date with the Spanish fashion chain Desigual for 522 sqm involving the combination of various units. Rental income at the time of acquisition was approximately € 0.5 million per year which is significantly lower than the currently prevailing market rental value. The acquisition price was approximately € 10.3 million).

DISPOSALS

In 2011, an apartment was sold in Vilvoorde (Leuvensestraat 43) and a shop in Antwerp (Carnotstraat 18-20) for a total of € 1.8 million. The book profit on these properties was € 0.5 million. A back-payment in the amount of € 0.9 million was furthermore received from the buyer of the Shopping Park Olen sold in 2009.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

The value movements in 2011 totalled € 19.2 million positive (2010: € 4.5 million positive). The net yield at year-end was 6.3% (year-end 2010: 6.6%).

JEAN PAUL SOLS, COUNTRY MANAGER BELGIUM

Notwithstanding the fact that as of mid-2011 consumer confidence sharply declined, we once again succeeded in achieving good results this past year. Although consumer spending and retailer profitability is far more uncertain, retailers were prepared to pay higher rent for lease renewals at locations that have proven their worth. The rents renegotiated as part of lease renewals in 2011 were on average 11% higher.

In view of the high quality of the property portfolio, the portfolio's occupancy rate remained at a high level at 96.6%, which confirms the quality of the portfolio.

The value of the Belgian portfolio increased by 6.4% in comparison to the end of 2010. This evolution to a large degree is supported by the very strong interest expressed by the investment market. Investors are prepared to acquire property at returns below 4.5% for the choicest buildings located in top city centre locations.

Since it was first established, Intervest Retail has been able to build up a unique property portfolio at city centre locations. The Galeries Jardin D'Harscamp shopping complex in the city of Namur was acquired in autumn. Shops with larger surface areas are especially scarce in Namur's core shopping district. We are anticipating this situation by combining multiple units. In the meantime, a lease was signed for an area of 522 m² with the Spanish fashion giant Desigual.

TURKEY

THE TURKISH PROPERTY PORTFOLIO

PROPERTIES

At year-end 2011, the Turkish property portfolio comprised eight high street shops at absolute A1 locations (5% of the total property portfolio).Of the eight high street shops, five are located on the Istiklal Caddesi, two on the Bahariye Caddesi and one on the Abdi İpekçi Caddesi. The total lettable floor area is 11,065 sqm, of which 8,075 sqm is in pipeline. Vastned's aim is to expand the Turkish property portfolio to approximately 10% of the total property portfolio. The focus in this respect is on investing in high street shops at the very best A1 locations in Istanbul. The aim is for Vastned to limit itself to a number of streets such as Istiklal Caddesi, Abdi Apekçi Caddesi and Istasyon Caddesi in the European area and Bahariye Caddesi and Bagdat Caddesi in the Asiatic area. These streets are characterised by an unparalleled footfall and a retail market that is in the process of internationalising. Vastned in most instances acquired its investments vacant and has adapted the retail spaces to the modern standards demanded by retailers nowadays. Vastned generally manages to attract first class tenants from its international network. Vastned does not intend to invest in shopping centres in Turkey nor does it intend to invest outside Istanbul.

OCCUPANCY RATE

The occupancy rate of the high street shops in operation at year-end 2011 was 100.0% (year-end 2010: 95.8%). The average occupancy rate in 2011 was 96.0% (2010: 83.3%).

LEASING ACTIVITY

Two leases representing a value of € 2.4 million in gross rental income were concluded in 2011. Both were initial leases that in the leasing activity were presumed to have been concluded at the previous rental level. 2,800 sqm was leased at Istiklal Caddesi 161 in Istanbul to fashion giant Zara. This lease requires an important structural adjustment, meaning that after the renovation the quality and volume of the retail area will have been improved. Zara is expected to open its doors to the public at this unique location in the second half of 2012. In addition, two upper floors for a total of 160 sqm of the high street shop at Istiklal Caddesi 119 have been let to the restaurateur Deli Mavi Bar.

LEASE INCENTIVES

No lease incentives were granted in 2011.

TENANTS

Most of the current tenants can be categorised as international or national retailers of high standing. The five largest tenants account for 93.7% of total gross rental income.

MARKET RENT

For each external appraisal, the appraiser is asked to render an opinion on the market rent level. On average, the Turkish property portfolio was let at 13.4% below market level (2010: 12.9%).

LEASE EXPIRY DATES

In Turkey, leases are usually concluded for a period of five years. Following the expiry of the leases there are ample opportunities for making adjustments designed to approach market level rent. The graph on page 74 shows the expiry dates of the Turkish property portfolio. The average term of the leases is 10.0 years (2010: 4.1 years). The average time remaining until the tenant's next termination date is 2.1 years (2010: 1.2 years).

ACQUISITIONS

A single acquisition for a total of € 16.8 million took place in 2011. This concerned Vastned's first investment in Istanbul's prestigious Nişantaşı district at Abdi Ipekçi Caddesi 41, which now houses three shops. After a complete overhaul, the building will comprise almost 2,000 sqm gross floor area, including approximately 1,100 sqm of retail space. The renovation will be completed in the second half of 2013. The projected rental income is approximately € 1.4 million per year. The sellers of the building are private individuals. The 700 metre long Abdi İpekçi Caddesi is the most prestigious high street in Istanbul. The area has a large variety of luxurious and exclusive shops that carry international and Turkish designer labels. Furthermore, there are restaurants with international kitchens and cafés. The best known retailers in the Nişantaşı district are Prada, Louis Vuitton, Hermes, Chanel, Burberry, Ermenegildo Zegna and Salvatore Ferragamo.

INVESTMENT PROPERTIES IN PIPELINE

Istiklal Caddesi 85

This investment property is currently being renovated. The renovation will result in large modern retail floor areas. After the renovation, the size of this property investment will measure 3,300 sqm which enables Vastned to meet the demand of international retailers. The planned delivery date is the first quarter of 2013. Its value at year-end 2011 was € 25.9 million.

Istiklal Caddesi 161

This investment property is currently being renovated as well. This drastic renovation will result in large modern retail floor areas. The layout of this retail floor area has been designed in consultation with the future tenant Zara, such that the whole will acquire a modern appearance. After the renovation, the size of this property investment will measure 2,800 sqm. The planned delivery date is the second quarter of 2012 following which Zara will open its doors in the second half of 2012. Its value at year-end 2011 was € 31.2 million.

Abdi İpekçi Caddesi 41

This property investment is currently still let. The building will be demolished in the third quarter of 2012 after which it will be completely rebuilt in accordance with current standards. The building is expected to be completed in the second half of 2013. Its value at year-end 2011 was € 17.1 million.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

The value movements in investment properties in 2011, in part due to the above-referenced lease at Istiklal Caddesi 161, totalled € 3.4 million positive (2010: € 2.2 million positive). The net yield at year-end 2011 was 5.1% (year-end 2010: 5.8%).

BORA KARLI, COUNTRY MANAGER TURKEY

The Turkish economy ended another successful year with 8.2% growth. Unemployment dropped to 8.8%. The current account deficit remained the sensitive part of the economy. Retail sales continued to grow and are estimated to grow by 3.4% per year over the next 5 years. Total annual GLA growth in retail property was 850,000 sqm, an all-time record.

The Turkish property portfolio – exclusively composed of high street assets – reached 100% occupancy. A significant lease agreement was signed with Zara for Istiklal Street 161 at € 2.3 million per annum. This would be the first Zara located on the country's busiest street. The unit was acquired in 2010. At the time of acquisition, the retail portion of the property was 2,100 sqm and consisted of two basement floors, a ground floor, mezzanine and the first floor, as well as office space consisting of 2,250 sqm (from the second to the sixth floors) and technical space in the third basement. After the refurbishment, the property will be purely retail with a GLA of 2,800 sqm distributed over two basement floors, a ground floor and four floors above. The property will be delivered to Zara in May and the opening will take place in August 2012.

Abdi Ipekci Street 41 was acquired following a long period of negotiations. This street is the most luxurious in the country, hosting high-end brands from all over the world. The property is located at the centre of the most sought-after section of Abdi Ipekci Street, facing Prada. The building is planned to be redeveloped in order to convert it for use by a multi-storey tenant. The existing building will be demolished and a new retail property will be constructed in accordance with the leading international retailers' standards. The land is currently zoned for commercial and residential development. After redevelopment the property will have 1,975 sqm of GLA spread over 7 floors including 2 basements. Effective retail space will be on the ground, first, second and the first basement floors. This space totals 1,110 sqm.

PORTUGAL

PROPERTIES

The Portuguese property portfolio comprises nine high street shops (1% of the total property portfolio) which are for the most part let to the chain of opticians MultiOpticas.

OCCUPANCY RATE AND LEASING

This property portfolio was fully let during 2011. No letting movements took place.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

External appraisals have resulted in a value movement of € 0.1 million positive (2010: € 0.2 million negative). The net yield at year-end 2011 was 7.2% (year-end 2010: 8.8%).

TURKEY TOP 5 PROPERTIES

	As at 31 December 2011 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Istanbul, Istiklal Caddesi 161[1]	31.2	2.3	n/a	n/a	2,800
2	Istanbul, Istiklal Caddesi 85[1]	25.9	1.9	n/a	n/a	3,300
3	Istanbul, Abdi İpekçi Caddesi 41[1]	17.1	1.4	n/a	n/a	1,975
4	Istanbul, Istiklal Caddesi 18	11.6	0.5	100.0	1	1,170
5	Istanbul, Istiklal Caddesi 119	6.9	0.4	100.0	3	495
	Total	**92.7**	**6.5**	**100.0**	**4**	**9,740**

1 Investment properties in pipeline


4
TURKCELL
TOPSHOP


1
TURKCELL


2


3


5

TURKEY

TOP 5 TENANTS

AS AT 31 DECEMBER 2011

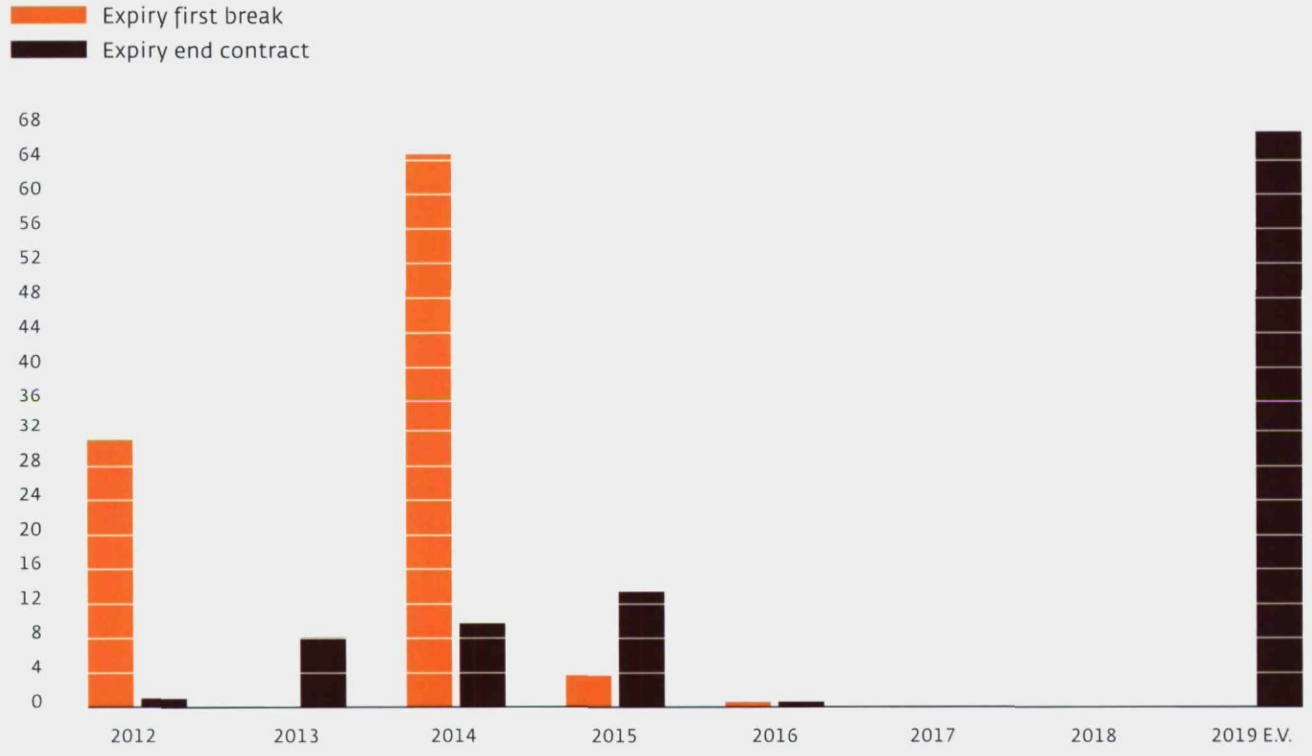
	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	Number of units	GLA (in sqm)
1	Inditex[1)]	2.3	58.4	1	2,800
2	Top Shop	0.5	13.4	1	1,170
3	&Style	0.3	8.6	1	170
4	Turkcell	0.3	8.0	1	530
5	Tchibo	0.2	5.3	1	400
		3.6	**93.7**	**5**	**5,070**

1 Investment property in pipeline.

EXPIRY DATES LEASE CONTRACTS

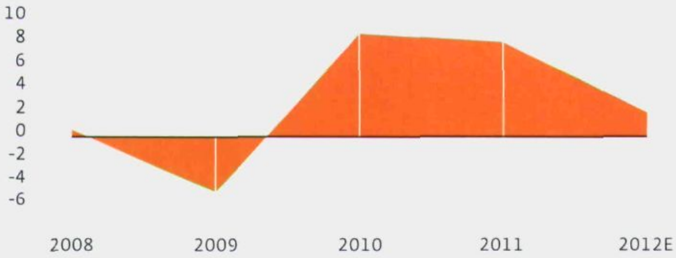
PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 2.1 years and based on end contract 10.0 years.



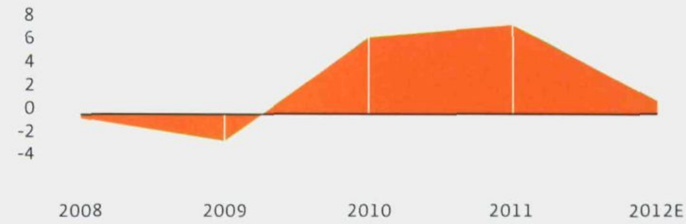
GDP GROWTH

ECONOMIC GROWTH (in %)



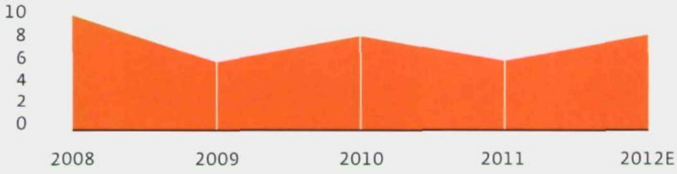
HOUSEHOLD CONSUMPTION GROWTH

GROWTH CONSUMER SPENDING (in %)



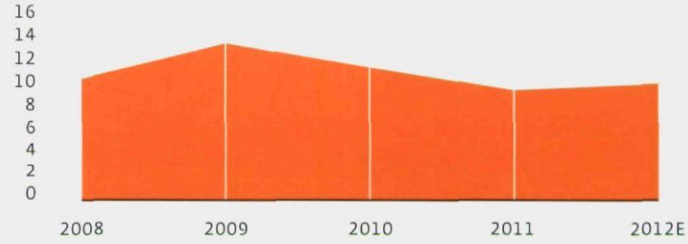
INFLATION CPI

DEVELOPMENT CONSUMER PRICES (in %)



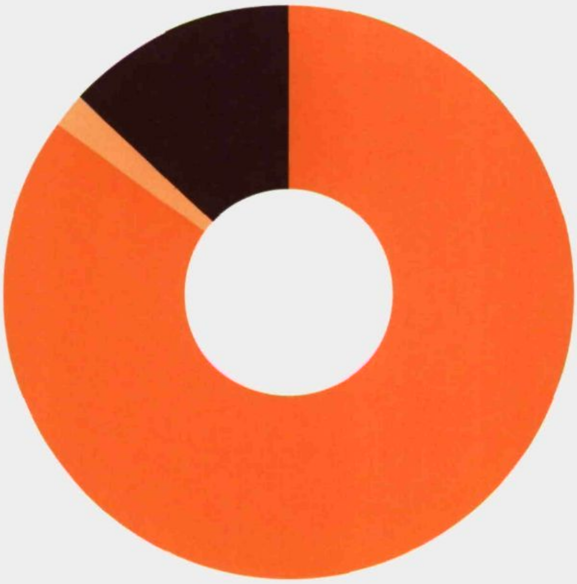
UNEMPLOYMENT

UNEMPLOYMENT AS % OF WORKING POPULATION



INDUSTRY SPREAD in %

Non-food 85
Food 2
Other 13



SECTOR SPREAD in %

High street shops 100

PERSONNEL AND ORGANISATION

On 25 February 2011, VastNed Offices/Industrial and Vastned Retail announced their decision to terminate their existing management-related partnership via Vastned Management effective 1 January 2012. The termination of this agreement was prompted by the need to allow the management of each fund to dedicate maximum focus to its own specific markets and portfolios. Due to the termination of the partnership, accelerated by the merger of VastNed Offices/Industrial with NSI (effected on 14 October 2011), Vastned Management's organisation structure was reviewed and reorganised.

In the framework of the sharpened strategy, as announced in September 2011, extra attention is paid to further optimize internal processes and the functioning of the teams with 'focus on quality' as a central theme.
It also fits striving to strengthen the relationship with retailers and to closely monitor the development of tenants and the retail market's trends. Using the knowledge and experience gained within the organisation in this respect Vastned aims to be able to even better anticipate the trends in the retail market in its investment policies. Account management must bring the tenant and the landlord closer together and at the same time optimise the relationship.

Vastned's ambition in terms of personnel and organisation is to create a permanently challenging working environment where its staff can develop and grow further. The corporate culture at Vastned can be described as open, transparent and informal. Vastned has operations in five core countries: the Netherlands, France, Spain, Belgium and Turkey. Each core country has its own organisation, accommodated in a so-called country team. These teams have a considerable degree of independence, but operate within the framework of a clear 'Vastned vision'. There are regular meetings between the teams in the various countries about subjects that affect all the countries, for example developments in sustainability, changes to accounting principles, developments relating to property valuations and the rental and investment markets. This allows knowledge and experience to be exchanged and the Group's objectives and procedures to be made more specific.

Challenging objectives are formulated in the annual performance evaluation interview with each staff member following mutual consultation. The employee's objectives are matched to those of Vastned so that employees' personal development is aligned with Vastned's interests. The following table gives some personnel statistics. The country teams carry out the following tasks, supported by the head office to varying degrees as needed depending on team size: management, asset management, property management, (technical) project management and finance & control. In addition, there are various staff functions in IT, and for secretarial, tax and legal services. The majority of these staff functions is centralised at the Rotterdam head office. The Belgian team in Antwerp also has a relatively large staff department.

Total number of employees during 2010 (in FTEs)

	2011	2010	as at 01-01-2012
Rotterdam, Netherlands			
Retail	17	17	16
Offices/Industrial	8	12	–
Board and staff	17	18	14
Antwerp, Belgium			
Intervest Retail	10	10	9
Intervest Offices	14	16	-
Madrid, Spain (Retail)	13	13	13
Paris, France (Retail)	20	19	20
Istanbul, Turkey (Retail)	5	3	5
Frankfurt, Germany (Offices/Industrial)	1	1	–
Total	105	109	77
Number of employees joining	11	10	
Number of employees leaving	48	3	
Male/Female as at 31 December (in FTE's)	39/41	56/53	38/39

The decrease in the personnel complement is for the most part due to the merger between Vastned Offices/Industrial and NSI. A total of 36 employees in the Netherlands and Belgium transferred to NSI. In addition, a number of staff officers were laid off as a result of the reorganisation.

The Board of Management is very grateful to all staff for their efforts during the past year.

NEW OFFICE

The move in mid-December 2011 to our new offices at Lichtenauerlaan 130 in Rotterdam is perfectly consistent with the open, transparent and informal character of the organisation. Working in a single large open space in the opinion of the Board of Management will contribute to the mutual exchange of information and an improvement in internal collaboration.

SUSTAINABILITY

OBJECTIVES AND PRECONDITIONS

Vastned intends to organise and carry out its activities in a sustainable way, in order to mitigate the negative impact of its activities on the environment. A sustainable, economically responsible method of work is being introduced on a phased basis, in which the basic premise is the satisfaction of the tenant.

The objectives Vastned has set for itself in relation to sustainability are:
- Having buildings in the letting market that are competitive in terms of sustainability;
- Minimising the impact of Vastned's activities on the environment.

The precondition that applies in this regard is the satisfaction of the tenant and shareholder in terms of every sustainability initiative undertaken.

POLICY

Vastned in its renewed strategy specifically focuses on high street shops. A pilot study of various high street properties conducted in previous years shows that these properties do not lend themselves to certification. A characteristic of high street shops is that they do not have any general spaces controlled by the property investor. This and other factors mean that the owner's influence on these properties in terms of sustainability is limited. This is why Vastned has decided to adopt a more practical approach in which the combination of a positive return and sustainability plays a central role. For example, motion detectors have been installed for the escalator and the lighting in the parking garage of the Het Rond shopping centre. Both interventions are expected to reduce power consumption.

REDUCING THE ENVIRONMENTAL IMPACT

Green sources of energy
In Belgium and the Netherlands, Vastned has succeeded in concluding contracts at no additional cost to its tenants for supplying electricity generated using hydropower. This method of power generation does not entail any CO2 emissions. In both countries, the electricity purchased for tenants throughout 2011 was therefore derived from a renewable energy source. This is not yet possible in other countries, because there is a price differential there to the detriment of renewable, green energy. As soon as there are opportunities for greening energy sources without additional costs to the tenant, Vastned will sign contracts with suppliers for this purpose.
The feasibility of generating electricity at the site of our retail properties was investigated in France, Spain and Belgium. This was motivated by the tax incentives available in these countries for putting solar panels on buildings. The tax incentive was however abolished or phased out in 2010 by the various governments for budgetary reasons.
There was still a possibility that a project could nevertheless be completed in 2011 in Belgium; however, research showed that this was not an attractive option financially.

Vastned Management's sustainability policy

Vastned Management has implemented a number of sustainability initiatives for its own organisation. Vastned in 2011 reduced the number of square metres let from 1,440 to 650; this has benefited its own energy consumption. In addition, the number of electrical appliances (such as printers) was reduced by promoting more efficient use. On the procurement side, sustainable materials are being purchased. The most important example of this is the switch over to recycled printing paper without compromising on print quality. The purchase of energy efficient business cars is promoted and the purchase of cars that are not sustainable is being discouraged. The electricity used is derived from hydropower and all other CO_2 emissions produced, for example through air travel, commuting traffic and office heating, are offset. In this way Vastned Management's activities were made CO_2-neutral in the reporting year.

BREEAM-IN-USE

Two properties were certified in France in 2011; a large retail building with offices on upper floors in Nancy's city centre and a retail warehouse near Lille. Both properties were awarded a score of three stars. In June 2011 certifications were completed in Spain for the Parque Vistahermosa retail park and the Las Atalayas shopping centre. Both centres received a high asset certification indicative score of four stars.
Vastned's policy over the coming years will continue to focus on making properties sustainable where possible and on the objective of at least maintaining the achieved scores for certified buildings.

CONCRETE ACTIONS

As indicated earlier, Vastned has decided to adopt a more practical approach in which the combination of a positive return and sustainability plays a central role. Sustainability will be a topic on the agenda of the business report meetings, a meeting held every quarter with the country managers, and the related actions will be a topic of discussion. An example of this is the goal of replacing all cooling systems, that needs to be replaced, in the shopping centres in the Spanish portfolio with new energy efficient systems over the next three years. A decrease in power consumption will be targeted this way by making use of environmentally friendly technologies.

Furthermore, during the renovation of a property, Vastned will consider the use of new energy efficient technologies as a means of saving energy. For example, this approach was applied to the renovation of the façade and the public spaces in the Madrid Sur shopping centre in Spain where a more efficient design is resulting in a reduction in the power consumed by lighting, LED lighting is being used for the façade and water-saving systems have been installed. In addition, the neon-lighting in the parking garage have been replaced by LED lighting resulting in a 40% power saving there.

RESPONSIBILITY STATEMENT OF THE BOARD OF MANAGEMENT

In accordance with the EU Transparency Directive as contained in Section 5.25c of the Act on Financial Supervision, the Board of Management hereby declares that, insofar as it is aware:

- the 2011 consolidated annual accounts give a true and fair view of the assets and liabilities, the financial position and the result of Vastned Retail and its consolidated subsidiaries;
- the additional management information set out in this annual report gives a true and fair view of the state of affairs as at the balance sheet date and the course of events during the financial year of Vastned Retail and its consolidated subsidiaries; and
- the material risks to which Vastned Retail is exposed are set out in the annual report. These risks are in particular described in detail in the Risk Management chapter.

RISK MANAGEMENT

Risk management received full attention in 2011 as well. The sharpened strategy developed in 2011 to a significant degree responds to the increased risks resulting from serious changes in the environment in which Vastned operates. These changes and risks on the one hand are related to the consequences of the financial crisis, which cause governments as well as the private sector to be faced with a tighter financing market. This results in lower and even negative economic growth, increased taxes and further government cutbacks, higher unemployment and a decrease in consumer confidence and consumer spending. For various retailers this in turn results in lower revenues and pressure on profit margins, which ultimately can also put pressure on the rent levels of retail property. On the other hand there are also more structural changes that affect the retail market, such as the greying population, lower population growth, continuing migration from the countryside and smaller municipalities to the cities, and an increase in sales via the internet (e-commerce).
To withstand these changes and the associated risks, Vastned sharpened its strategy in September 2011. The strategy is based on three pillars:

- further improving the quality of the property portfolio, particularly through means of significantly increasing the share of high street shops in city centres;
- putting greater focus on the tenant and further increasing knowledge of the retail market; and
- further optimising the financing strategy by diversifying financing.

The disintegration of the euro still does not seem likely given the high costs this would entail for all countries involved. Vastned's annual accounts therefore have been prepared based on the continued existence of the euro.

DESCRIPTION OF THE RISK PROFILE

In line with the Corporate Governance Code, the following is a description of the key risks to which Vastned, in relation to the implementation of its strategy, is exposed.
These risks and the associated mitigating measures implemented by Vastned are explored in further detail elsewhere in this annual report (see Risk Management chapter). In addition to strategic risks, the financial reporting risks and operational risks are also addressed here.

Risks related to the strategic targets

Investment product and choice of countries
Rent and value developments as well as the occupancy rates of the retail investments are to an important extent linked to the demand for retail locations, which is itself largely determined by the nature and magnitude of consumer spending and the dynamics of local and international retailers. The investment property categories, countries and size of the properties Vastned Retail wishes to invest in are specified in the Profile and Strategy chapter. In terms of investment categories, the aim, partly on the basis of the trends sketched out above, is to achieve a relative increase in investments on the most popular high streets in the larger cities. The assessment is that retailers will continue to express interest in these locations due to their allure to consumers, a stable or growing population with strong purchasing power resulting in a good footfall and consumer spending. Aside from an

increase in the share of high street shops, Vastned will also aim for further improvement in the quality of other retail investment categories (shopping centres and retail warehouses) through means of turnover in the property portfolio.
In terms of its choice of countries, Vastned opts to invest primarily in shops in euro zone countries characterised by stable political and economic climates, with generally clear rent and tax legislation and regulations.
The addition of Turkey as investment country meant the addition of a country with a higher risk profile due to the political and economic climate, and potential earthquakes. The risk is mitigated however, by currently limiting investments in this country to a maximum of 10% of the total property portfolio and by clearly focusing on investments in (high street) shops located in the best shopping streets in Istanbul, with its rather more Western orientation. The earthquake-related risk is as much as possible limited by taking out insurance policies.

Currency policy
Because Vastned invests primarily in the euro zone and only to a limited extent in Turkey, the currency risk is limited. Moreover, the risk with respect to the Turkish property portfolio is reduced by in principle concluding leases in that portfolio in euros only.

Financing policy
The investments are in part financed by loan capital on the basis of a sound financing and interest rate policy. The aim in this regard is to achieve relatively conservative financing ratios between equity and loan capital. In principle, a maximum of 45% of the market value of the investments is financed by loan capital. Furthermore, efforts are made to limit the segment of the portfolio financed by short-term loans to 25% of the total loan capital. The financing agreements contain more favourable conditions; the ratio is based on a solvency (calculated as equity plus deferred tax liabilities divided by the balance sheet total) of at least 45%.
In the context of the above-referenced financial crisis, the aim is to reduce the dependence on bank financing through means of effecting a further diversification of sources of financing, for example by placing private placement bonds with institutional investors, while at the same time attempting to increase the average weighted term of the financing. Furthermore, the aim is to increase the spread of lenders so that in principle a single lender does not provide more than 25% of the total financing.

Interest rate policy
Due to the capital-intensive nature of its operations, Vastned Retail is sensitive to interest rate trends, which can affect both the value of the investment properties and the current cash flows and therefore the direct investment result. The interest rate risk is limited however by arranging interest rate derivatives with large international banks. This means that the interest rate is fixed for a minimum of two-thirds of the loans portfolio with a typical interest rate term of at least three years. The interest rate derivatives are arranged in such a way as to ensure that interest rate review dates are spread across years.

DESCRIPTION OF THE INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

Principal risks and risk management measures and impact of these risks
The Risk Management chapter includes an overview of the risks identified within Vastned and also specifies the way in which these risks are managed.
An important element of the internal risk management and control system is the totality of internal control measures and administrative and organisational procedures as set out in the Administrative Organisation handbook. In our view, this handbook meets the requirements of the Financial Supervision Act and associated regulations.

Actions

As already indicated above, in 2011, a great deal of attention was devoted to risk management by the Supervisory Board and the Board of Management, as well as by the organisations in each of the countries in which Vastned Retail operates.
Key points in the area of risk management was the impact of the financial crisis on the evolution of rents and the value of the property portfolio and the continuing availability of financing.
As indicated, this resulted in a sharpened investment and financing strategy, which was presented in September 2011. This strategy was pursued in 2011, for example by purchasing nine high street shops in Bordeaux and by concluding a number of refinanced or new long-term financing arrangements. At the beginning of 2012 a number of disposals of objects, that based on the sharpened investment strategy no longer fits into the property portfolio, was published and a new private placement in the amount of € 50 million and with an average term of 7.5 years was concluded.
In addition to the sharpened strategy, a number of important risks was addressed by the Board of Management as well as in meetings of the audit committee and Supervisory Board in accordance with the annually adopted work plan. These meetings also addressed the design and operation of the associated risk management measures in place in relation to, among other things, strategic risks, emergency risks (insurances, solvency of the insurer), financial reporting risks, compliance risks (rules of the AFM and NYSE Euronext, as well as those associated with licences and safety regulations), financing and refinancing risks, interest rate risks, IT risks and tax and legal risks. In terms of the financial reporting risks, additional attention was devoted to the valuation of the property portfolio in the context of the abovementioned external trends. This has resulted in a further improvement of the disclosure on the property valuations in the annual accounts; and in line with the sharpened strategy, reporting was expanded to include a secondary segmentation on the basis of high street shops and other property investments. The appraisal instructions for the external appraisers will be somewhat sharpened for 2012. In addition, it was decided to provide management information concerning tenant payment behaviour with greater regularity at the group level.
No significant changes were deemed necessary with respect to the internal risk management and control systems in relation to the identified risks.

Results of the evaluation of the internal risk management and control systems

With respect to the financial reporting risk, the Board of Management is of the opinion that the risk management and control systems in place provide a reasonable degree of assurance that the financial reporting is free of material misstatements. Furthermore, the Board of Management is of the opinion that the risk management and control systems in place throughout the year operated such that there is a reasonable degree of assurance that the financial reporting is free of material misstatements. There were no material changes to the administrative and organisational procedures during the financial year. No material shortcomings were identified in the risk management and control systems in place to manage financial reporting risks.

Sensitivity analysis

The following is an overview based on the balance sheet position as at year-end 2011 of the potential effects, all other things being equal, of changes in the risk factors listed below:

- An increase (a decrease) in the interest rate of 100 basis points will result in a decrease (an increase) in the direct investment result of € 0.14 per share;
- An increase in the net initial yields used in the appraised value of 50 basis points (approximately 7.3% of the value of the investment properties at year-end 2011) will result in a decrease in the equity Vastned Retail shareholders of over € 7.50 per share and an increase in the loan-to-value ratio of almost 350 basis points;
- A decrease in the net initial yields used in the appraised value of 50 basis points (approximately 8.7% of the value of the investment properties at year-end 2011) will result in an increase in the equity Vastned Retail shareholders of almost € 9.00 per share and a decrease in the loan-to-value ratio of almost 350 basis points;
- An increase (a decrease) in the occupancy rate of 100 basis points will result in an increase (a decrease) in the direct investment result of approximately € 0.07 per share.

FINANCIAL PERFORMANCE

2011 INVESTMENT RESULT ATTRIBUTABLE TO VASTNED RETAIL SHAREHOLDERS

The investment result in 2011 was € 96.1 million, a modest decline compared to € 99.2 million in 2010. This modest decline is primarily related to a somewhat lower indirect investment result in comparison to 2010 in the amount of € 29.1 million (2010: € 31.4 million). The direct investment result remained virtually stable at € 67.0 million (2010: € 67.8 million).

Direct investment result

In spite of the positive contribution from the net purchases realised in 2010 and 2011, particularly within the Dutch and French property portfolios, the direct investment result remained stable at € 67.0 million. This is because of the pressure exercised on the positive contribution from net purchases by relatively higher operating expenses (particularly maintenance and letting costs) and higher interest expenses due to the on average higher Euribor rate and higher credit spreads on bank loans than in 2010. Furthermore, there was an increase in general expenses due to the additional consulting and PR costs related to the sharpened strategy and the elimination, effective 14 October 2011, of a (portion) of the charge on to VastNed Offices/Industrial in relation to the termination of the partnership agreement between Vastned Management, VastNed Offices/Industrial and Vastned Retail.

Indirect investment result

The indirect investment result realised over 2011 was € 29.1 million (2010: € 31.4 million), primarily due to a net increase of 1.7% in the value of the property portfolio in 2011. Very well located retail properties with healthy occupancy levels are still highly in demand by property investors, sometimes resulting in (even) lower yields than in 2010. The net value increase of the French, Belgian and Turkish portfolios was almost 5%, over 6% and over 4%, respectively. The value trend of the Dutch property portfolio exhibited greater fluctuations and resulted in a net value increase of 0.2%. The Spanish property portfolio experienced a net decrease in value of almost 3%, primarily due to lower (market) rent levels. As a result of these value trends, the indirect investment result, taking the positive result from sales in the amount of € 2.4 million, the allocation to the provision for deferred tax liabilities in the amount of € 0.6 million and the positive value movements of financial derivatives that under the IFRS are not designated as effective hedge in the amount of € 1.3 million, after deduction of the part attributable to non-controlling interests in the amount of € 6.4 million, into account, amounted to positive € 29.1 million.

NET INCOME FROM INVESTMENT PROPERTIES

Gross rental income

The total gross rental income rose from € 126.6 million in 2010 to € 132.5 million in 2011. This increase is further specified for each country in the table on page 88.

- *Acquisitions (€ 5.9 million increase)*
  € 4.7 million of this increase is related to the additional rental income derived from the acquisitions made in the Netherlands in 2010 and 2011. A large part (approximately € 2.4 million) concerns additional rental income from the Walburg shopping centre in Zwijndrecht purchased in March 2011. Aside from this, the acquisitions made in the third and fourth quarter of 2010, consisting of the retail units in the Overvecht shopping centre in Utrecht, the Zuidplein shopping centre in Rotterdam, and the Nieuwstraat in Spijkenisse, contributed to the remaining € 2.3 million growth in gross rental income in the Netherlands. Another key contribution to the growth in rental income in 2011 came from France. Rental income there increased by € 1.0 million as a result of the acquisition of 9 high street shops in the centre of Bordeaux.

- *Disposals (€ 1.1 million decrease)*
  The decrease in gross rental income in 2011 due to disposals was for the most part (€ 0.7 million) due to the sale of a number of individual retail properties in the Netherlands in the second half of 2010 and at the beginning of 2011. Furthermore, in March 2011, the Bomonti Park neighbourhood shopping centre in Istanbul was sold, resulting in a decline of € 0.4 million in rental income in 2011.

- *Like-for-like growth (€ 1.1 million increase)*
  Following a like-for-like decline in 2010, an increase of almost 1% was realised in 2011. The largest share of the increase in the amount of € 0.6 million came from France. Aside from an increase due to indexation and improved rent levels as a result of change of tentants, it was possible to achieve an increase of over € 0.3 million here due to an increase in the occupancy rate. A good improvement in rents in the amount of € 0.3 million was also realised in Turkey due to indexation and improvements in rents and the letting of high street shops that were vacant when purchased.
  The Belgian property portfolio also exhibited improvements in rent in the amount of net € 0.2 million. The like-for-like growth in the Dutch portfolio was only € 0.1 million. The increase due to indexations and improvements in rents was largely nullified by the increased vacancy, particularly as a result of two bankruptcies in Retail Park Roermond. A tenant has since been found for one of the vacant units and a search is actively underway to find a tenant for the other unit.
  Spain managed to maintain gross rental income at an equal level in comparison to 2010, during which the recognised like-for-like rental growth was negative € 1.9 million. In spite of the adverse economic climate, the average occupancy rate of the Spanish property portfolio slightly improved from 91.7% in 2010 to 92.6% in 2011, which resulted in an improvement of € 0.3 million in gross rental income. The letting of a vacant unit to the electronics retailer Worten in particular contributed to this.
  Aside from rental increases due to indexation and an improved occupancy rate, it was necessary to provide additional partially temporary rent reductions to retailers whose revenues declined as a result of the adverse economic climate in Spain. A decline in turnover rents and mall income was also perceptible as a result of this.

Operating expenses (including ground rents paid and net service charge expenses)

Operating expenses, expressed as a percentage of gross rental income increased from 11.7% to 12.8%, and consequently amounted to € 16.9 million (2010: € 14.8 million). The relative increase is primarily due to the higher maintenance costs in the Dutch property portfolio (inter alia in relation to the increased fire safety requirements). Aside from this there were higher letting expenses particularly in Turkey (in relation to the letting to Zara) and Portugal (in relation to the renewal of the lease of the nine high street units to the optician chain Multi Opticas).

Value movements investment properties

The value movements investment properties in 2011 totalled positive € 32.4 million (2010: positive € 35.5 million). This represents an increase of approximately 1.7% in comparison to the initial value in 2011. As already indicated above, the increase primarily took place in the French, Belgian and Turkish property portfolios. In France, the Val Thoiry shopping centre, not far from Geneva, in particular contributed to the increase in value of the French property portfolio. The occupancy rate of the shopping centre is 100% and it is performing very well following the opening of the adjacent DIY shop developed by Vastned, and naturally benefits from the rising number of Swiss visitors for whom the centre, given the strong Swiss franc, is even more attractive. In Belgium, the 'Gouden Kruispunt' Retail Park in Tielt-Winge in particular experienced a positive value development. In Turkey all properties contributed to the rise in value. The Istiklal Caddesi 18 property in this respect experienced the highest rise in value, primarily due to the renewal of the lease on this unit to the retailer Top Shop.

The value development of the Dutch property portfolio exhibited a more fluctuating picture. Aside from a relatively high increase in value of the top properties located on the Kalverstraat in Amsterdam and the Spuistraat in The Hague, downward valuations were reported as well. The highest downward valuation occurred in Retail Park Roermond as a result of the decreased occupancy rate after two bankruptcies there. Furthermore, the increases in value were depressed by the write-off of the acquisition costs of the Walburg shopping centre in Zwijndrecht purchased in 2011.
In Spain the decrease in value of almost 3% was primarily due to the declining (market) rent levels for the units in shopping centres. The high street shops in the Spanish property portfolio exhibited a rise in value in 2011.

Net result on disposals of investment properties

In 2011, a limited number of small individual 'non-core' retail properties and apartments was sold, mainly in the Netherlands, which had a total carrying amount at the time of sale of approximate € 10.0 million. In addition, the Bomonti Park neighbourhood shopping centre in Istanbul was sold. In Belgium a back-payment on the purchase price in the amount of € 0.9 million was furthermore received for the Shopping Park Olen sold in 2009, in accordance with the agreements formulated at the time of the sale of this property. The net result of the sales realised in 2011, increased by this back-payment and after the deduction of sales costs amounted to positive € 2.4 million.

EXPENDITURE

Net financing costs

Net financing costs, including value movements of financial derivatives, increased from € 30.9 million in 2010 to € 33.8 million in 2011. The table below details the development of the net financing costs.

Development of net financing costs

(x € 1 million)

	Total
Net financing costs 2010	(30.9)
Increase due to net acquisitions	(2.6)
Capitalised interest on investment properties under renovation and in pipeline	0.2
Net increase due to rising short-term market interest rate, higher interest rate margins and changes in fixed/variable and working capital	(1.8)
Value movements interest rate derivatives	1.3
Net financing costs 2011	**(33.8)**

The average interest rate for the interest-bearing loan capital as a whole increased from 4.1% to 4.2%. In spite of the rise in the 3-month Euribor rate and the higher interest rate margins, the increase was limited due to the fact that in comparison to 2010 a relatively larger share of the loan portfolio was financed on the basis of a variable interest rate.
The interest rate derivatives not classified as a full hedge under IFRS exhibited a net positive increase in value. This primarily concerned the interest rate swap concluded in 2010 whereby a portion of the fixed coupon rate of the private placement bond negotiated at the time was converted into a variable interest rate. This swap acquired a positive value due to the decreased long-term market interest rate in 2011.

General expenses

The general expenses rose from € 6.6 million in 2010 to € 7.1 million in 2011. The increase is largely due to the additional consulting and PR costs related to the sharpened strategy and the elimination, effective 14 October 2011, (of a portion) of the charge on to VastNed Offices/Industrial in relation to the termination of the partnership agreement between Vastned Management, VastNed Offices/Industrial and Vastned Retail. The termination fee in the amount of € 2.3 million received in 2011 from VastNed Offices/Industrial was sufficient to offset the direct costs associated with the termination of the partnership agreement.

Current income tax expense

The current income tax expenses amounted to € 0.1 million (2010: € 0.2 million). The decline is due to the decline in the taxable investment result in Spain.

Movement in deferred tax assets and liabilities

The movements in deferred tax assets and liabilities in 2011 totalled € 0.6 million negative (2010: negative € 1.7 million). The decline in value of the Spanish property portfolio on balance resulted in a release of the deferred tax liabilities in the amount of net € 0.9 million. This was offset by an increase in the deferred tax liabilities in the amount of € 1.9 million in Turkey. Finally, a release of € 0.3 million was recorded in France in a taxable French company, because of bringing this company under the SIIC-regime. Value movements in the Dutch property portfolio and most of the Belgian and French property portfolios did not lead to movements in deferred tax assets and liabilities due to the application of tax-friendly regimes.

Investment result attributable to non-controlling interests

The investment result of € 12.8 million (2010: € 9.5 million) attributable to non-controlling shareholders comprises the direct investment result and the indirect investment result attributable to non-controlling interests of positive € 6.4 million (2010: positive € 6.4 million) and positive € 6.4 million (2010: positive € 3.1 million) respectively. The direct investment result attributable to non-controlling interests consisting on the one hand of the direct investment result of Intervest Retail, in which Vastned Retail has a 72.4% interest, and on the other hand of the direct investment result of the Het Rond limited partnership in Houten, in which VastNed Retail has a 50% interest, stayed virtually the same in comparison to 2010. The more positive value movements for Intervest Retail's property portfolio resulted in an increase in the indirect investment result attributable to non-controlling interests.

INVESTMENT RESULT PER SHARE

Based on the increased average number of Vastned Retail shares in issue of approximately 18.6 million shares (2010: 18.4 million shares) as a result of the share dividend, the investment result per share was positive € 5.17 (2010: positive € 5.39). This result comprises the direct investment result per share of € 3.61 (2011: € 3.68) and the indirect investment result per share of positive € 1.56 (2010: positive € 1.71).

The direct investment result per share is developed as follows (x € 1):

Direct investment result 2010	3.68
Like-for-like growth in net rental income	(0.02)
Increase as a result of acquisitions after deduction of interest expenses	0.11
Decrease as a result of disposals after deduction of interest income	(0.03)
Capitalised interest on investment properties under renovation and in pipeline	0.01
Net increase in financing costs due to increase in short-term interest rate, higher interest rate margins and changes in fixed/variable and working capital	(0.09)
Increase in general expenses	(0.02)
Decrease due to increase in number of shares in issue due to share dividend	(0.03)
Direct investment result 2011	**3.61**

FINANCING STRUCTURE

As indicated in the sharpened strategy, Vastned will attempt to continue to maintain its conservative financing structure. This means that Vastned will aim for a loan-to-value ratio of between 40% and 45%. Furthermore, Vastned aims to further expand its sources of financing through various means such as by taking out long-term bond loans from investors in the United States (private placement bonds). This includes the aim of further extending the term of the long-term loan portfolio.
In addition, Vastned aims to enlarge the spread of bank loans across multiple financiers.
The existing interest rate policy, whereby the interest rate of approximately two thirds of the loan portfolio is fixed will be continued.

In the context of the above, various financing facilities were extended or renegotiated in 2011. A new private placement bond in the amount of € 50.0 million was completed at the beginning of 2012. € 25.0 million of this loan has a seven-year term at 4.88% and the other € 25.0 million has an eight-year term at 5.06%.

As at 31 December 2011, Vastned's balance sheet showed a sound financing structure with a loan-to-value ratio of 43.1% (year-end 2010: 41.4%) and a solvency ratio – calculated as group equity plus deferred tax liabilities divided by the balance sheet total – of 52.6% (year-end 2010: 54.6%).

As at 31 December 2011, the loan structure was as follows:
- The total outstanding interest-bearing loan amount was € 916.7 million;
- 82.4% of the outstanding loans were long-term with a weighted average term based on contract expiry dates of 3.6 years;
- A good spread of the expiry dates of the long-term loans, of which only an amount of € 22.2 million will expire in 2012 (recognised under short-term liabilities);
- 69.7% of the outstanding loans had a fixed interest rate, mainly through the use of interest-rate swaps and the private placement bond placed in 2010;
- A good spread of interest-rate revision dates with a weighted average term of 4.3 years;
- The average fixed interest rate, taking into account the agreed interest-rate swaps and the private placement bond negotiated in 2010, was 4.8%;
- 30.3% of the outstanding loans had a floating interest rate;
- Due to the relatively low yield curve, the negative value of the interest rate swaps (excluding deferred tax assets and liabilities), increased from € 37.5 million to on balance € 45.5 million; and
- The unused credit facilities amounted to € 87.8 million.

With a solvency ratio of 52.6% and an interest coverage ratio of 3.1, Vastned Retail meets the requirements of all financing agreements with banks. A solvency ratio of at least 45% applies to all financing agreements. Furthermore, an interest coverage ratio ranging from 2.0 to 2.5 is usually required.
A negative pledge applies to most of the financing agreements, with a limited threshold for providing securities.

DEVELOPMENT NET RENTAL INCOME x € 1 million

	Netherlands	France	Spain	Belgium	Turkey	Portugal	Total
Gross rental income 2010	48.5	24.6	29.7	21.0	1.7	1.1	126.6
Acquisitions	4.7	1.0	0.1	0.1	–	–	5.9
Disposals	(0.7)	–	–	–	(0.4)	–	(1.1)
Like-for-like rental growth	0.1	0.6	–	0.2	0.3	(0.1)	1.1
Gross rental income 2011	52.6	26.2	29.8	21.3	1.6	1.0	132.5
Operating expenses[1]	(7.9)	(2.3)	(4.5)	(1.8)	(0.3)	(0.1)	(16.9)
Net rental income 2011	44.7	23.9	25.3	19.5	1.3	0.9	115.6
Operating expenses in % of gross rental income:							
– in 2011	15.0	8.8	15.1	8.5	18.8	10.0	12.8
– in 2010	12.6	10.2	13.8	8.6	17.6	–	11.7

1 Including ground rents paid and net service charge expenses.

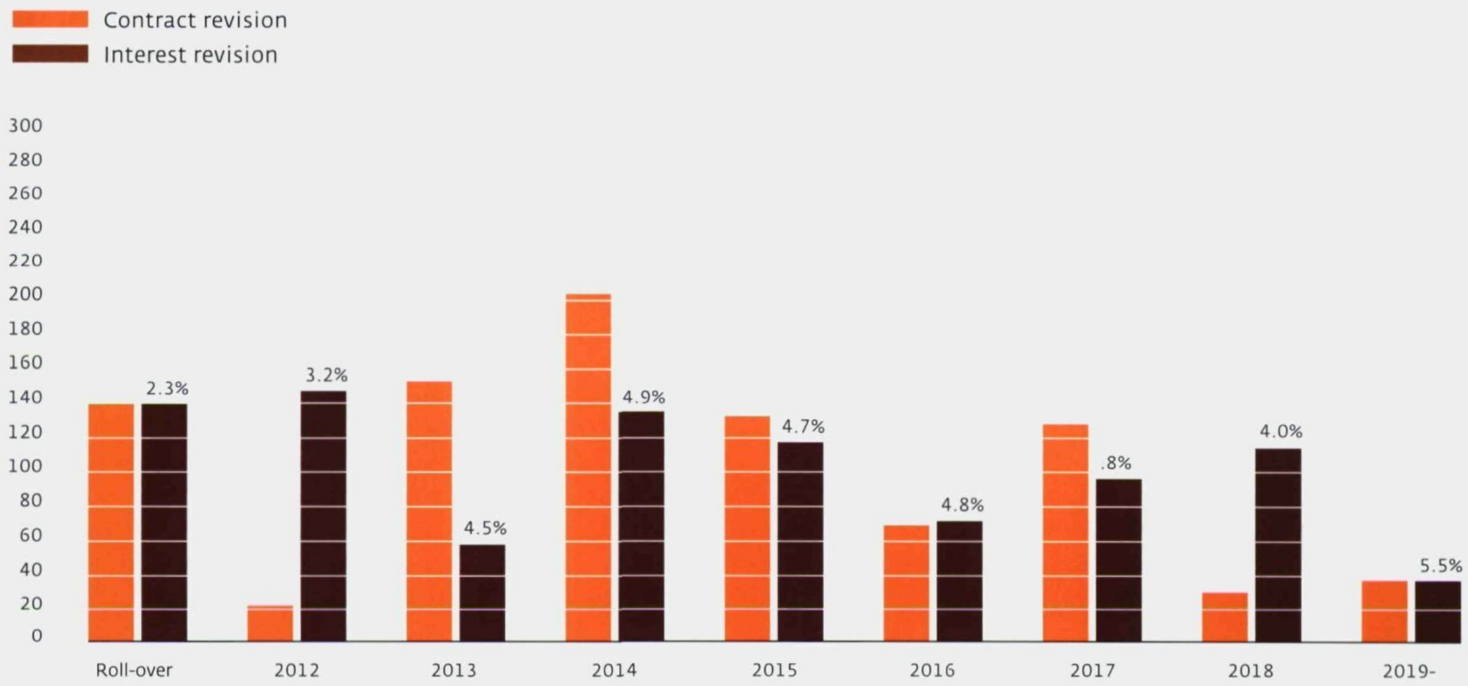
LOAN PORTFOLIO

AT YEAR-END 2011 (x € 1 million)

	Fixed interest[1]	Floating interest	Total	% of total
Long-term debt	616.5	138.5	755.0	82.4
Short-term debt	22.2	139.5	161.7	17.6
Total	638.7	278.0	916.7	100.0
% of total	69.7	30.3	100.0	

CONTRACT AND INTEREST REVISION RISKS LOAN PORTFOLIO

(x € 1 million) **INCLUDING AVERAGE INTEREST RATE**



1 Interest-rate derivatives taken into account.

DIVIDEND PROPOSAL AND DIVIDEND DISTRIBUTION

At the General Meeting of Shareholders of 4 May 2011, the dividend for the 2010 financial year chargeable to the freely distributable reserves was set at € 3.68 per share. An interim dividend of € 1.10 per share had already been distributed in September 2010. The final dividend was therefore € 2.58 per share, of which the compulsory cash component was € 1.33 and the optional component was € 1.25 in cash or 1 new share for every 39 shares held. Within this framework, holders of over 26% (2010: 30%) of the shares in issue opted for a share dividend, as a result of which the number of shares increased by 125,965 shares.

On 29 August 2011, in accordance with the dividend policy, 60% of the direct investment result over the first half of 2011 was distributed as interim dividend at € 1.09 per share.

During the General Meeting of Shareholders to be held on 2 May 2012, a proposal will be submitted to declare the final dividend chargeable to the freely distributable reserves at € 2.52 per ordinary share, which is the 2011 direct investment result per share of € 3.61 less the interim dividend of € 1.09 per share. Taking into account the fiscal distribution obligation referred to in the foregoing and the share price applicable at that time, it will be possible, in addition to take-up entirely in cash (€ 2.52), to take up the final dividend as Vastned shares chargeable to the share premium reserve that will constitute an approximate value of € 2.52 per share. In order to comply with the fiscal conditions for investment institutions, a minimum of € 23.6 million in cash (approximately € 1.27 per share) must be disbursed. If the number of shareholders exercising the share dividend option is such that this amount is not achieved, then the share dividend allocation will be adjusted on a pro-rated basis so that at least € 23.6 million will be disbursed. The final dividend will be made payable on 21 May 2012.

OUTLOOK FOR 2012

The projected economic growth curve is flat, and even negative, in most Western European countries, resulting in a mild recession for some European countries. Much depends on the decisiveness of European policy makers in terms of their approach to the euro crisis. Although there are signs that steps are being taken in the right direction, the decision-making process is sluggish. The measures taken by the ECB to extend the liquidity provided to banks appears to be an important support on the way to recovery.
However, as a result of these developments, employment and consumer spending in most countries in which Vastned operates will come under (further) pressure in 2012. Spain already experienced this during the past year. This is offset by positive developments in the Turkish economy, which – with a young and growing population, a solid competitive position and limited problems in its banking sector – is exhibiting a highly positive trend in terms of employment and consumer spending.

Based on the above-referenced economic trends, Vastned in 2011 further sharpened its strategy, whereby the focus in its acquisition and disposal policy will shift even more to well-located high street shops in large and medium-sized cities. Based on its own experience, Vastned expects that these locations enable it to very well withstand the economic headwind and to profit from changes in the retail landscape as a result of e-commerce and the greying population. The sharpened strategy also devotes attention to the financing side of the property portfolio. Pursuant to the stricter regulations governing the provision of credit by European banks, Vastned will increase its share in non-bank financing to 25% through various means, including the placement of private placement bonds, whereby it will also aim to extend the term of the credit facility.

The rotation in the property portfolio resulting from the new focus on high street shops on prime locations can put some pressure on rental income, but will generate better yields in the future. Whether and how the extent to which these issues might affect the direct investment result for 2012 is hard to say, as this will depend on the speed with which these can be realised. The general expenses will rise in some measure in 2012 due to the ending of the collaboration agreement with VastNed Offices/Industrial. Vastned expects that its well-spread, high-quality property portfolio will be able to show limited like-for-like growth in 2012 in spite of the difficult economy. Interest rates are expected to remain low in 2012, but the broadening of financing base will increase the interest expenses somewhat.

The outlook described in the foregoing is based on current expectations, estimates and forecasts and the information available to the Company at the present time. Furthermore, the outlook is subject to certain risks and uncertainties that are difficult to assess, such as general economic conditions, interest rates, exchange rates and changes in legislation and regulations. No guarantee can therefore be given that the outlook will become a reality.

Rotterdam, 8 March 2012
The Board of Management

THE SHARE AND THE STOCK EXCHANGE LISTING

LISTING ON NYSE EURONEXT

The Vastned shares have been listed on NYSE Euronext Amsterdam since 9 November 1987 and have been included in the Amsterdam AMX index (Amsterdam Midkap Index) since 3 March 2008.
The average daily trading volume in 2011 was € 2.1 million, which represents a decline in comparison to 2010 (average daily trading volume of € 2.6 million). Vastned uses Kempen & Co, which acted as paid liquidity provider, to ensure the shares remain continuously liquid.

INDICES

Vastned is included in a number of indices. These indices help investors in putting together their equity portfolios. As stated above, Vastned is included in the AMX index. Investors make limited use of this index as a guide to the composition of their equity portfolios. Other indices, such as those of Global Property Research (GPR) and of the European Public Real Estate Association (EPRA), play a more important role, especially for international institutional investors.

As at 31 December 2011, Vastned had the following weighting in the GPR indices:

GPR 250 Global	0.12%
GPR 250 Global ex-North America	0.23%
GPR 250 Europe	0.86%
GPR 250 Europe ex-UK	1.29%
GPR 250 Eurozone	1.77%
GPR 250 Netherlands	11.88%

Vastned is included in the following EPRA indices as of 31 December 2011:

FTSE EPRA/NAREIT Developed Index	0.11%
FTSE EPRA/NAREIT Developed ex Asia Index	0.16%
FTSE EPRA/NAREIT Developed ex North America Index	0.23%
FTSE EPRA/NAREIT Developed Europe Index	0.76%
FTSE EPRA/NAREIT Euro Zone Index	1.63%
FTSE EPRA/NAREIT Developed Europe (UK Restricted) Index	0.91%
FTSE EPRA/NAREIT Developed Europe ex UK Index	1.19%
FTSE EPRA/NAREIT Developed Europe Liquid 40 Ex UK Index	1.37%
FTSE EPRA/NAREIT Developed Europe Liquid 40 Index	0.89%
FTSE EPRA/NAREIT Netherlands Index	9.96%

Vastned realised the following return in 2011, expressed in euros and as a percentage of the 2010 closing price of € 51.98.

		Return 2011	Return 2010
	(in €)	(in %)	(in %)
Closing price 2011	34.60		
Closing price 2010	51.98		
Movement in share price	(17.38)	(33.5)	13.4
Final dividend 16 May 2011	2.58	5.0	6.1
Interim dividend 29 August 2011	1.09	2.1	2.4
Total return	**(13.71)**	**(26.4)**	**21.9**

Assuming immediate reinvestment of the dividends, the total return for 2011 was minus 25.5% (2010: positive 23.2%).

SHARE PRICE

At year-end 2011, the shares were trading at a 35.6% discount in comparison to the net asset value per share. The net asset value per share held by Vastned shareholders, including the 2011 investment result, rose from € 52.75 (at the start of 2011) to € 53.72 (at year-end 2011).
The share price fell by € 17.38 in 2011. This led to an increase in the discount. Other European property investment funds also saw their share prices fall in 2011. Vastned total return per share was minus 26.4% and as such was below the European average (GPR 250 Europe: minus 10.43%) and the Dutch average (GPR 250 Netherlands: minus 24.7%).
Market capitalisation based on the share price at year-end 2011 was € 644.3 million compared to € 961.4 million at year-end 2010. The lowest share price of € 28.59 was quoted on 14 December 2011 while the highest share price of € 52.96 was quoted on 31 May 2011.

DIVIDEND

In accordance with its current dividend policy (see chapter on Profile and Strategy), Vastned paid out a final dividend for 2010 of € 2.58 on 16 May 2011. The share dividend was 1 new share for every 39 shares held. Shareholders could choose between being paid € 2.58 in cash per share or € 1.33 in cash and 1/39th of a Vastned share. For this purpose, a total of 125,965 shares was issued and charged to the share premium reserve.

NUMBER OF SHARES AND ISSUE OF NEW ORDINARY SHARES

The total number of shares in issue at year-end 2011 was 18,621,185 with a nominal value of € 5 each. No new shares were issued in 2011, other than those issued as share dividend, nor were there any share repurchase programmes.

CONTROLLING SHAREHOLDERS

Vastned has information on the identity of its most important shareholders. However, it is difficult to find reliable information on the exact size of their holdings. Consequently, Vastned only designates those shareholders with a stake of more than 5% according to the register of the Netherlands Authority for the Financial Markets (AFM) as controlling shareholders. This register does not provide precise numbers for the shareholdings as at year-end 2011; it merely gives an indication of the brackets that the holdings are in (e.g. 5–10% or 20–25%). The following may be designated as controlling shareholders (> 5% according to the AFM register):

– Commonwealth Bank of Australia	5.79%
– Société Fédérale de Participations et d'Investissement (SFPI)	5.26%
– APG Algemene Pensioen Groep N.V.	5.15%

PROVIDING INFORMATION

It is the policy of the Board of Management to inform all shareholders and other parties in the financial market in an equal manner. Comments on the quarterly, semi-annual and annual figures as well as the presentations to analysts can be followed simultaneously by all interested parties through a webcast. The presentations are announced on the website and are placed on the website. The Board of Management aims to engage in a constructive dialogue with actual and potential shareholders. In that regard, it has regular bilateral contacts with institutional investors and major private investors, in which Vastned only provides information that is already known in the market.

INVESTOR RELATIONS

Vastned attaches a great deal of importance to informing shareholders, stakeholders and other interested parties on an equivalent basis, simultaneously and on a timely basis, and in a clear and unambiguous way, and in keeping them informed of the company's state of affairs. The CEO, CFO and the Director Investor Relations are actively involved in this. Other Vastned employees are also involved in specific events such as property tours. A number of instruments is used to implement the investor relations policy, including investor road shows, press releases, the annual report and the Vastned website.

INVESTOR ROAD SHOWS

The investor road shows are of crucial value for investor relations. In 2011, meetings were held with a large number of institutional investors in the major financial centres.

PRESS RELEASES AND PUBLICATION OF INTERIM REPORTS

Price-sensitive information is always disclosed to the general public through press releases as well as being reported to the financial authorities (AFM and NYSE Euronext) and placed on the website *www.vastned.com*. This also applies to regular financial reports and other press releases. Only information that has already been made public is commented upon in contacts with the press, individual investors and analysts. When Vastned publishes its semi-annual and annual results, it holds a meeting for analysts. When it publishes its first and third quarterly results, there is a conference call to provide further information on these results to analysts.

Both the analysts' meetings and the conference calls can be followed through an audio webcast on *www.vastned.com*. There are no analysts' meetings, presentations to investors or direct meetings with investors in the period immediately preceding the publication of the financial reports. All dates are listed in the financial calendar at the front of the annual report.

SELL-SIDE ANALYSTS

Reports of sell-side analysts are neither evaluated nor corrected in advance other than for factual inaccuracies. Vastned does not pay fees to any party for drawing up analysts' reports. Vastned is currently being followed by eleven (sell-side) analysts at reputable banks who regularly publish reports. The following banks have sell-side analysts who follow Vastned:

- ABN AMRO, Amsterdam;
- Bank of America Merrill Lynch, London;
- De Groof, Brussels;
- Edge Capital, Oslo;
- Goldman Sachs, London;
- ING, Amsterdam;
- JPMorgan, London;
- Keijser Capital, Amsterdam;
- Kempen & Co, Amsterdam;
- PeterCam, Amsterdam, and;
- Rabobank, Amsterdam.

ANNUAL REPORT

Just like the previous reporting year, the recommendations made by the external auditor, such as those related to transparency and various other recommendations, have as much as possible been incorporated into this annual report. Furthermore, all the internal disciplines of Vastned actively contributed to safeguard the report's quality and improve it where necessary. Vastned was awarded the Bronz Medal Award by the EPRA for its 2010 annual report. The EPRA conducts a survey of European listed property investment companies each year. The 2011 annual report is published in both English and Dutch. Only the English version is available in printed form. The Dutch version is available in PDF format at *www.vastned.com*. The English printed version will also be dropped in 2012, although a summary will be printed. The English as well as the Dutch versions of the annual report will of course continue to be available in PDF format on the website.

WEBSITE

The website was transformed at the end of 2011 to conform to the new house style. The site contains detailed information on investor relations, corporate governance, etc. Furthermore, the website displays a selection of properties from Vastned's property portfolio. The website offers a subscription service with which interested parties can subscribe to receive press releases.

CONTACT

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CLOSING PRICES VASTNED RETAIL SHARE IN 2011 in €

EPRA KEY PERFORMANCE MEASURES

EPRA BEST PRACTICES – RECOMMENDATIONS

In August 2011, EPRA's Reporting and Accounting Committee published the updated EPRA Best Practices Recommendations (BPR). The BPRs contain recommendations concerning the determination of key performance indicators for measuring the performance of the property portfolio. Vastned endorses the importance of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the annual report. For this reason, Vastned has decided to include the key performance indicators in a separate chapter of the annual report.
The EPRA BPR Checklist is available on Vastned's website: *www.vastned.com*.

EPRA PERFORMANCE INDICATORS

			x € 1,000,-		Per share (x € 1)	
EPRA performance indicator [1]	Page	Schedule	2011	2010	2011	2010
EPRA Earnings	98	1	66,964	67,783	3.61	3.68
EPRA NAV	100	2	1,075,726	1,043,494	57.77	56.42
EPRA NNNAV	100	3	1,025,458	1,001,323	55.07	54.14
EPRA Net Initial Yield (NIY)	100	4 (i)	5.6%	5.9%		
EPRA 'topped-up' NIY	100	4 (ii)	5.7%	5.9%		
EPRA Vacancy Rate	103	5	4.9%	4.8%		

1 The EPRA performance indicators are calculated on the basis of the definitions published by the EPRA and are included in the list of definitions.

DIRECT AND INDIRECT INVESTMENT RESULT

(x € 1,000)

1 EPRA EARNINGS

	2011	2010
DIRECT INVESTMENT RESULT		
Gross rental income	132,532	126,638
Ground rents paid	(587)	(573)
Net service charge expenses	(2,026)	(1,900)
Operating expenses	(14,283)	(12,325)
Net rental income	115,636	111,840
Financial income	2,174	812
Financial expenses	(37,290)	(31,698)
Net financing costs	(35,116)	(30,886)
General expenses	(7,057)	(6,605)
Direct investment result before taxes	73,463	74,349
Current income tax expense	(87)	(181)
Direct investment result after taxes	73,376	74,168
Direct investment result attributable to non-controlling interests	(6,412)	(6,385)
Direct investment result attributable to Vastned Retail shareholders	**66,964**	**67,783**

	2011	2010
INDIRECT INVESTMENT RESULT		
Value movements investment properties in operation	38,879	37,930
Value movements investment properties under renovation	–	(725)
Value movements investment properties in pipeline	(6,478)	(1,729)
Total value movements investment properties	32,401	35,476
Net result on disposals of investment properties	2,446	682
Value movements financial derivatives	1,279	32
Indirect investment result before taxes	36,126	36,190
Movement deferred tax assets and liabilities	(591)	(1,671)
Indirect investment result after taxes	35,535	34,519
Indirect investment result attributable to non-controlling interests	(6,402)	(3,126)
Indirect investment result attributable to Vastned Retail shareholders	**29,133**	**31,393**
Direct investment result attributable to Vastned Retail shareholders	66,964	67,783
Indirect investment result attributable to Vastned Retail shareholders	29,133	31,393
Investment result attributable to Vastned Retail shareholders	96,097	**99,176**
PER SHARE (X € 1)		
Direct investment result attributable to Vastned Retail shareholders	3.61	3.68
Indirect investment result attributable to Vastned Retail shareholders	1.56	1.71
Investment result attributable to Vastned Retail shareholders	**5.17**	**5.39**

The direct investment result attributable to Vastned Retail shareholders consists of net rental income less net financing costs (excluding value movements of financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

The indirect investment result attributable to Vastned Retail shareholders consists of the value movements and the net result on disposals of investment properties, movements in deferred tax assets and/or deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interests.

2 AND 3 EPRA NAV AND EPRA NNNAV

	31-12-2011		31-12-2010	
		Per share		Per share
Equity Vastned Retail shareholders	1,000,393	53.72	975,570	52.75
Fair value of financial derivatives	44,091	2.37	36,154	1.95
Deferred tax	31,242	1.68	31,770	1.72
EPRA NAV	**1,075,726**	**57.77**	**1,043,494**	**56.42**
Fair value of financial derivatives	(44,091)	(2.37)	(36,154)	(1.95)
Fair value of interest-bearing loans[1]	10,958	0.59	10,764	0.58
Deferred tax	(17,135)	(0.92)	(16,781)	(0.91)
EPRA NNNAV	**1,025,458**	**55.07**	**1,001,323**	**54.14**

4 EPRA NET INITIAL YIELD AND EPRA TOPPED-UP NET INITIAL YIELD

	Netherlands		France	
	2011	2010	2011	2010
Investment properties	792,130	754,255	475,219	424,610
excluding:				
Investment properties in pipeline	(4,720)	(4,880)	(10,680)	(15,180)
Investment properties in operation	787,410	749,375	464,539	409,430
plus:				
Estimated transaction fees	59,267	56,405	30,599	27,062
Investment value of investment properties in operation (B)	**846,677**	**805,780**	**495,138**	**436,492**
Annualised cash passing rental income	53,330	50,956	26,854	24,682
Property outgoings	(6,625)	(6,033)	(1,408)	(1,237)
Annualised net rental income (A)	**46,705**	**44,923**	**25,446**	**23,445**
Effect of rent-free periods and other lease incentives	96	87	768	222
Topped-up annualised net rental income (C)	**46,801**	**45,010**	**26,214**	**23,667**
(i) EPRA Net Initial Yield (A/B)	5.5%	5.6%	5.1%	5.4%
(ii) EPRA Topped-up Net Initial Yield (C/B)	5.5%	5.6%	5.3%	5.4%

1 The calculation of the fair value is based on the swap yield curve at year-end 2011 and the credit spreads in effect at year-end 2011.

Spain		Belgium		Turkey		Portugal		Total	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
411,873	416,626	333,744	303,287	103,659	84,452	12,404	12,308	2,129,029	1,995,538
–	–	–	–	(74,181)	(52,031)	–	–	(89,581)	(72,091)
411,873	416,626	333,744	303,287	29,478	32,421	12,404	12,308	2,039,448	1,923,447
10,561	10,683	42,094	38,456	712	799	1,079	1,070	144,312	134,475
422,434	**427,309**	**375,838**	**341,743**	**30,190**	**33,220**	**13,483**	**13,378**	**2,183,760**	**2,057,922**
29,881	31,343	21,990	21,212	1,618	2,029	1,010	1,010	134,683	131,232
(3,337)	(1,417)	(1,810)	(1,770)	(29)	(188)	(26)	(40)	(13,235)	(10,685)
26,544	**29,926**	**20,180**	**19,442**	**1,589**	**1,841**	**984**	**970**	**121,448**	**120,547**
1,866	539	96	107	–	–	–	–	2,826	955
28,410	**30,465**	**20,276**	**19,549**	**1,589**	**1,841**	**984**	**970**	**124,274**	**121,502**
6.3%	7.0%	5.4%	5.7%	5.3%	5.5%	7.3%	7.3%	5.6%	5.9%
6.7%	7.1%	5.4%	5.7%	5.3%	5.5%	7.3%	7.3%	5.7%	5.9%

	High street shops		Other property investments		Total	
	2011	2010	2011	2010	2011	2010
Investment properties	1,050,502	958,994	1,078,527	1,036,544	2,129,029	1,995,538
excluding:						
Investment properties in pipeline	(76,531)	(54,381)	(13,050)	(17,710)	(89,581)	(72,091)
Investment properties in operation	973,971	904,613	1,065,477	1,018,834	2,039,448	1,923,447
plus:						
Estimated transaction fees	76,356	70,615	67,956	63,860	144,312	134,475
Investment value of investment properties in operation (A)	**1,050,327**	**975,228**	**1,133,433**	**1,082,694**	**2,183,760**	**2,057,922**
Annualised cash passing rental income	58,658	55,821	76,025	75,411	134,683	131,232
Property outgoings	(5,340)	(4,930)	(7,895)	(5,755)	(13,235)	(10,685)
Annualised net rental income (B)	**53,318**	**50,891**	**68,130**	**69,656**	**121,448**	**120,547**
Effect of rent-free periods and other lease incentives	784	256	2,042	699	2,826	955
Topped-up annualised net rental income	**54,102**	**51,147**	**70,172**	**70,355**	**124,274**	**121,502**
(i) EPRA Net Initial Yield (A/B)	5.1%	5.2%	6.0%	6.4%	5.6%	5.9%
(ii) EPRA Topped-up Net Initial Yield (C/B)	5.2%	5.2%	6.2%	6.5%	5.7%	5.9%

5 EPRA VACANCY RATE (IN %)

31-12-2011

	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated market rental value (ERV) of vacancies	Estimated market rental value (ERV)	EPRA Vacancy Rate
Netherlands	52,603	44,697	290,995	53,330	2,115	57,758	3.7%
France	26,195	23,862	105,473	26,854	1,655	30,391	5.4%
Spain	29,816	25,346	141,546	29,881	2,616	31,669	8.3%
Belgium	21,300	19,557	161,036	21,990	781	23,047	3.4%
Turkey	1,604	1,277	2,790	1,618	–	1,837	–
Portugal	1,014	897	3,423	1,010	–	885	–
Total investment properties in operation	**132,532**	**115,636**	**705,263**	**134,683**	**7,167**	**145,587**	**4.9%**
High street shops	57,185	50,159	211,274	58,658	2,103	64,783	3.2%
Other investment properties	75,347	65,477	493,989	76,025	5,064	80,804	6.3%
Total investment properties in operation	**132,532**	**115,636**	**705,263**	**134,683**	**7,167**	**145,587**	**4.9%**

31-12-2010

	Gross rental income	Net rental income	Lettable floor area (sqm)	Annualised cash passing rental income	Estimated market rental value (ERV) of vacancies	Estimated market rental value (ERV)	EPRA Vacancy Rate
Netherlands	48,467	42,387	279,688	50,956	1,497	53,590	2.8%
France	24,612	22,096	100,795	24,682	1,951	27,988	7.0%
Spain	29,706	25,646	141,546	31,343	2,856	32,487	8.8%
Belgium	21,037	19,227	160,067	21,212	264	21,657	1.2%
Turkey	1,686	1,403	7,657	2,029	100	2,442	4.1%
Portugal	1,130	1,081	3,423	1,010	–	885	–
Total investment properties in operation	**126,638**	**111,840**	**693,176**	**131,232**	**6,668**	**139,049**	**4.8%**
High street shops	55,374	49,597	207,947	55,821	1,773	60,716	2.9%
Other investment properties	71,264	62,243	485,229	75,411	4,895	78,333	6.2%
Total investment properties in operation	**126,638**	**111,840**	**693,176**	**131,232**	**6,668**	**139,049**	**4.8%**

ANNUAL ACCOUNTS 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(x € 1,000)

	Notes	2011	2010
NET INCOME FROM INVESTMENT PROPERTIES			
Gross rental income	4, 25	132,532	126,638
Ground rents paid	4	(587)	(573)
Net service charge expenses	4	(2,026)	(1,900)
Operating expenses	4	(14,283)	(12,325)
Net rental income		115,636	111,840
Value movements investment properties in operation	5	38,879	37,930
Value movements investment properties under renovation	5	-	(725)
Value movements investment properties in pipeline	5	(6,478)	(1,729)
Total value movements investment properties		32,401	35,476
Net result on disposals of investment properties	6	2,446	682
Total net income from investment properties		**150,483**	**147,998**
EXPENDITURE			
Financial income	7	2,174	812
Financial expenses	7	(37,290)	(31,698)
Value movements financial derivatives	7	1,279	32
Net financing costs		(33,837)	(30,854)
General expenses	8	(7,057)	(6,605)
Total expenditure		**(40,894)**	**(37,459)**
Investment result before taxes		**109,589**	**110,539**
Current income tax expense	9	(87)	(181)
Movement deferred tax assets and liabilities	9	(591)	(1,671)
		(678)	(1,852)
Investment result after taxes		**108,911**	**108,687**
Investment result attributable to non-controlling interests		(12,814)	(9,511)
Investment result attributable to Vastned Retail shareholders		**96,097**	**99,176**
PER SHARE (x € 1)			
Investment result attributable to Vastned Retail shareholders	10	5.17	5.39
Diluted investment result attributable to Vastned Retail shareholders	10	5.17	5.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	2011	2010
Investment result	108,911	108,687
Value movements financial derivatives recognised directly recognized in equity	(9,081)	(233)
Translation differences on net investments	(1,249)	(677)
Taxes related to other comprehensive income	943	(229)
Other comprehensive income after taxes	(9,387)	(1,139)
Total result	**99,524**	**107,548**
Attributable to:		
Vastned Retail shareholders	86,732	97,933
Non-controlling interests	12,792	9,615
	99,524	**107,548**

PER SHARE (x € 1)

	2011	2010
Total result attributable to Vastned Retail shareholders	4.66	5.32

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

	Notes	2011	2010
ASSETS			
Investment properties in operation	12	2,034,900	1,921,861
Accrued assets in respect of lease incentives	12	4,548	1,586
		2,039,448	1,923,447
Investment properties in pipeline	12	89,581	72,091
Total investment properties		**2,129,029**	**1,995,538**
Tangible fixed assets		1,115	1,080
Financial derivatives	23	1,529	978
Deferred tax assets	13	478	478
Total fixed assets		**2,132,151**	**1,998,074**
Debtors and other receivables	14, 16	9,560	8,764
Income tax		483	411
Cash and cash equivalents	15, 16	4,339	7,383
Total current assets		**14,382**	**16,558**
Total assets		**2,146,533**	**2,014,632**

	Notes	2011	2010
EQUITY AND LIABILITIES			
Capital paid-up and called	17	93,106	92,476
Share premium reserve		470,705	471,370
Hedging reserve in respect of financial derivatives		(39,765)	(31,649)
Translation reserve		(2,029)	(780)
Other reserves		382,279	344,977
Investment result attributable to Vastned Retail shareholders	10	96,097	99,176
Equity Vastned Retail shareholders		1,000,393	975,570
Non-controlling interests		105,308	99,335
Total equity		**1,105,701**	**1,074,905**
Deferred tax liabilities	13	23,781	25,329
Provisions in respect of employee benefits	18	841	1,023
Long-term interest-bearing loans	19, 23	755,031	612,059
Financial derivatives	23	44,689	37,290
Long-term tax liabilities	20	1,042	2,677
Guarantee deposits and other long-term liabilities		10,269	8,564
Total long-term liabilities		**835,653**	**686,942**
Payable to banks	21	139,494	121,544
Redemption long-term interest-bearing loans	19	22,212	92,013
Financial derivatives	23	2,347	1,211
Income tax		3,515	3,211
Other liabilities and accruals	22	37,611	34,806
Total short-term liabilities		**205,179**	**252,785**
Total equity and liabilities		**2,146,533**	**2,014,632**

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

(x € 1,000)

	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve
Balance as at 1 January 2010	91,326	472,554	(31,083)	(103)
Investment result	–	–	–	–
Value movements financial derivatives after deduction of taxes	–	–	(566)	–
Translation differences on net investments	–	–	–	(677)
Total result	–	–	*(566)*	*(677)*
Stock dividend	1,150	(1,150)	–	–
Costs of stock dividend	–	(34)	–	–
Final dividend for previous financial year in cash	–	–	–	–
2010 interim dividend in cash	–	–	–	–
Contribution from profit appropriation	–	–	–	–
Balance as at 31 December 2010	**92,476**	**471,370**	**(31,649)**	**(780)**
Investment result	–	–	–	–
Value movements financial derivatives after deduction of taxes	–	–	(8,116)	–
Translation differences on net investments	–	–	–	(1,249)
Total result	–	–	*(8,116)*	*(1,249)*
Purchase of shares in subsidiaries	–	–	–	–
Stock dividend	630	(630)	–	–
Costs of stock dividend	–	(35)	–	–
Final dividend for previous financial year in cash	–	–	–	–
2011 interim dividend in cash	–	–	–	–
Contribution from profit appropriation	–	–	–	–
Balance as at 31 December 2011	**93,106**	**470,705**	**(39,765)**	**(2,029)**

Other reserves	Investment result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders	Non-controlling interests	Total equity
467,822	(61,383)	939,133	95,960	1,035,093
–	99,176	99,176	9,511	108,687
–	–	(566)	104	(462)
–	–	(677)	–	(677)
–	*99,176*	*97,933*	*9,615*	*107,548*
–	–	–	–	–
–	–	(34)	–	(34)
–	(41,117)	(41,117)	(6,240)	(47,357)
(20,345)	–	(20,345)	–	(20,345)
(102,500)	102,500	–	–	–
344,977	**99,176**	**975,570**	**99,335**	**1,074,905**
–	96,097	96,097	12,814	108,911
–	–	(8,116)	(22)	(8,138)
–	–	(1,249)	–	(1,249)
–	96,097	*86,732*	*12,792*	*99,524*
–	–	–	(384)	(384)
–	–	–	–	–
–	–	(35)	–	(35)
-	(41,577)	(41,577)	(6,435)	(48,012)
(20,297)	–	(20,297)	–	(20,297)
57,599	(57,599)	–	–	–
382,279	**96,097**	**1,000,393**	**105,308**	**1,105,701**

CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Investment result	108,911	108,687
Adjustments for:		
Value movements investment properties	(32,401)	(35,476)
Net result on disposals of investment properties	(2,446)	(682)
Net financing costs	33,837	30,854
Income tax	678	1,852
Cash flow from operating activities before changes in working capital and provisions	108,579	105,235
Movement current assets	(2,880)	4,197
Movement short-term liabilities	(401)	(285)
Movement provisions	1,535	(213)
	106,833	108,934
Interest paid (on balance)	(37,503)	(32,558)
Income tax paid	(2,568)	1,348
Cash flow from operating activities	**66,762**	**77,724**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of and capital expenditure on investment properties	(109,968)	(108,631)
Disposal of investment properties	16,622	17,373
Purchase of shares in subsidiaries	(384)	-
Cash flow from property investments	(93,730)	(91,258)
Movement in tangible fixed assets	(38)	(82)
Cash flow from investment activities	**(93,768)**	**(91,340)**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(61,909)	(61,462)
Dividend paid to non-controlling interests	(6,757)	(6,254)
Interest-bearing loans drawn down	226,767	133,630
Interest-bearing loans redeemed	(134,141)	(50,681)
Cash flow from financing activities	**23,960**	**15,233**
MOVEMENT IN CASH AND CASH EQUIVALENTS	**(3,046)**	**1,617**
Cash and cash equivalents as at 1 January	7,383	5,739
Exchange rate differences on cash and cash equivalents	2	27
Cash and cash equivalents as at 31 December	**4,339**	**7,383**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

1 GENERAL INFORMATION

Vastned Retail N.V. ('the Company'), with its registered office in Rotterdam, the Netherlands, is a (closed-end) property investment company with variable capital that makes long-term investments in top quality well-let retail properties, particularly high street shops, in its five core countries: the Netherlands, France, Spain, Belgium and Turkey.

Vastned Retail N.V. is listed on the NYSE Euronext stock exchange of Amsterdam.
On 20 October 2006, Vastned Management B.V. was granted the licence by the AFM as referred to in 2:65 sub 1 part a of the Act on Financial Supervision pursuant to which it can act as manager of the Company.

The consolidated annual accounts of the Company comprise the Company and its subsidiaries (jointly referred to as 'the Group') and the interests the Group has in associates and entities over which it exercises joint control.
The company profit and loss account has been shown in abbreviated form pursuant to 2:402 of the Netherlands Civil Code.

2 SIGNIFICANT FINANCIAL REPORTING PRINCIPLES

A STATEMENT OF COMPLIANCE

The consolidated annual accounts of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. These standards comprise all new and revised Standards and Interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), insofar as they apply to the Group's activities and are effective to financial years starting on or after 1 January 2011.

New or amended Standards and Interpretations that became effective in 2011

A number of amended Standards came into effect in 2011. A proportion of these amendments concerned minor changes in the context of the annual IFRS improvement process. The amended Standards and Interpretations that came into effect in 2011 are listed below. The amended Standards and Interpretations have no effect on the presentation, notes or financial results of the Group.

- IFRS 1 First-time Adoption of International Financial Reporting Standards (Limited Exemption from Comparative IFRS 7 Disclosures for First-time adopters);
- IAS 24 Related Party Disclosures (Revised definition of related parties);
- IAS 32 Financial Instruments: Presentation (Amendments relating to classification of right issues);
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments;
- Changes resulting from the annual improvement process in respect of:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 3 Business Combinations;
  - IFRS 7 Financial Instruments: Disclosures;
  - IAS 1 Presentation of Financial Statements;
  - IAS 27 Separate Financial Statements;
  - IAS 34 Interim Financial Reporting;
  - IFRIC 13 Customer Loyalties Programmes.

New or amended Standards and Interpretations not yet effective

The changes to the Standard below will go into effect on 1 January 2012 and will have no effect on the presentation, notes or financial results of the Group.

- IFRS 7 Financial Instruments: Disclosures (Amendments enhancing disclosures about transfers of financial assets)

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 not yet being applied by the Group:

- IFRS 1 First-time adoption of International Financial Reporting Standards (Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs' and Additional exemption for entities ceasing to suffer from severe hyperinflation (effective to financial years starting on or after 1 July 2011);
- IFRS 7 Financial Instruments: Disclosures (Amendments enhancing disclosures about offsetting of financial assets and financial liabilities) (effective to financial years starting on or after 1 January 2013);
- IFRS 7 Financial Instruments: Disclosures (Amendments requiring disclosures about the initial application of IFRS 9) (effective to financial years starting on or after 1 January 2015);
- IFRS 9 Financial Instruments (Classification and measurement of financial assets and Accounting for financial liabilities and derecognition) (effective to financial years starting on or after 1 January 2015);
- IFRS 10 Consolidated Financial Statements (effective to financial years starting on or after 1 January 2013);
- IFRS 11 Joint Arrangements (effective to financial years starting on or after 1 January 2013);
- IFRS 12 Disclosure of Interests in Other Entities (effective to financial years starting on or after 1 January 2013);
- IFRS 13 (Fair Value Measurement) (effective to financial years starting on or after 1 January 2013);
- IAS 1 Presentation of Financial Statements (Amendments to revise the way other comprehensive income is presented) (effective to financial years starting on or after 1 July 2012);
- IAS 12 Income Taxes (Limited scope amendment - recovery of underlying assets) (effective to financial years starting on or after 1 January 2012);
- IAS 19 Employee Benefits (Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects) (effective to financial years starting on or after 1 January 2013);
- IAS 27 Separate Financial Statements (effective to financial years starting on or after 1 January 2013);
- IAS 28 Investments in Associates and Joint Ventures (effective to financial years starting on or after 1 January 2013);
- IAS 32 Financial Instruments: Presentation (Amendments to application guidance on the offsetting of financial assets and financial liabilities) (effective to financial years starting on or after 1 January 2014);
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective to financial years starting on or after 1 January 2013).

The Group does not expect these amendments to materially affect equity and the investment result.

B PRINCIPLES APPLIED IN THE COMPILATION OF THE FINANCIAL REPORTING

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

Interim financial reports in the form of quarterly reports are presented in compliance with IAS 34 Interim Financial Reporting.

The accounting principles for financial reporting under IFRS set out below have been applied consistently within the Group for all periods presented in these consolidated annual accounts.

In the presentation of the annual accounts in compliance with IFRS, the Board of Management has made judgements concerning estimates and assumptions that have an impact on the figures included in the annual accounts. The estimates and underlying assumptions concerning the future are based on past experience and other relevant factors, given the circumstances at 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 revised, and in future periods as well if the estimate also has an impact on these future periods.

The principal estimates and assumptions concerning the future and other important sources of estimate uncertainties at the balance sheet date that have a material impact on the annual accounts and that present a significant risk of material adjustments to book values in the following financial year are included in '29 Accounting Estimates and Judgements'.

C PRINCIPLES FOR CONSOLIDATION

Subsidiaries

Subsidiaries are entities over which the Company has control. Control of an entity entails that the Company has the authority, either directly or indirectly, to determine the financial and operational policies of the entity in order to obtain benefits from the operations of this entity. Potential voting rights that can be exercised or converted are taken into account in assessing whether there is control. The financial statements of the subsidiaries are included in the consolidated statements as from the date at which control is obtained until such time when control ceases. Once control is obtained, all subsequent changes in ownership interests that do not involve the loss of that control will be treated as transactions among shareholders. Goodwill is not recalculated or adjusted. Non-controlling interests are recognised separately in the balance sheet under equity. The share of non-controlling interests in the result of the Group is also recognised separately in the profit and loss account.

Transactions eliminated on consolidation

Balances within the Group and any unrealised profits and losses on transactions within the Group or income and expenditure from such transactions are eliminated in the presentation of the financial statements. Unrealised profits in respect of transactions with associates and joint ventures are eliminated proportionally to the interest that the Group has in the entity. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

Goodwill

All acquisitions of subsidiaries are recognised using the purchase accounting method. The costs of an acquisition are valued at the fair value of the underlying assets, equity instruments issued and debts incurred or taken over at the time of transfer. Costs incurred in realising a business combination (such as consultancy, legal and accountancy fees) are recognised in the profit and loss account. Acquired identifiable assets and (contingent) liabilities are initially recognised at fair value on the acquisition date. Goodwill is the amount by which the cost of an acquired entity at first recognition exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities. Changes in the purchase price after the acquisition date do not result in recalculation or adjustment of the goodwill. The value of the assets, liabilities and contingent liabilities of entities acquired before 1 January 2010 is based on the accounting principles applied previously.

After first recognition, the goodwill is valued at cost less any cumulative impairment losses. Goodwill is attributed to cash-generating entities and is not amortised. Goodwill is assessed for impairment annually, or earlier if circumstances give cause. For associates, the book value of the goodwill is included in the book value of the investment in the associate in question.

Negative goodwill resulting from an acquisition is recognised directly in the profit and loss account.

D FOREIGN CURRENCIES

The items in the annual accounts of the separate entities of the Group are recognised in the currency of the principal economic environment in which the entity operates (the 'functional currency'). The currency of the main cash flows of the entity is taken into account in the determination of the functional currency. As a result, the euro is used as the functional currency in all foreign entities where the Group operates.

The consolidated annual accounts are presented in euros, the Group's reporting currency. In the preparation of the annual accounts of the separate entities, transactions in foreign currencies are recognised at the exchange rate effective on the transaction date. Foreign currency results arising from the settlement of these transactions are recognised in the profit and loss account.

At the balance sheet date, monetary assets and liabilities in foreign currency are translated at the exchange rate effective on that date. Non-monetary assets and liabilities that are valued at fair value are translated at the exchange rate on the date on which the fair value was determined. Non-monetary assets and liabilities valued at historical cost are not translated.

Translation differences are recognised in the profit and loss account, with the exception of unrealised translation results on net investments and unrealised translation results on intercompany loans that are materially part of the net investment. In the preparation of the consolidated annual accounts, the items of all individual entities included in the Group's consolidation are recognised in euros. If the annual accounts in question are drawn up in a different currency, assets and liabilities are translated into euros at the balance sheet date and income and expenses are translated at exchange rates approximating to the exchange rates effective on the dates of the transactions. The resulting exchange rate differences are recognised as a separate component in equity ('Translation reserve'). Exchange rate differences arising from the translation of net investments in foreign activities and related hedges are also recognised in equity under 'Translation reserve'. In the event of a full or partial sale of an entity or foreign operation, the cumulative balance of this 'Translation reserve' is recognised in the profit and loss account.

E INVESTMENT PROPERTIES IN OPERATION AND UNDER RENOVATION

Investment properties are properties held in order to realise rental income, value increases or both. Investment properties are classified as investment properties in operation when they are available for letting.

Acquisitions and disposals of property available for letting are included in the balance sheet as investment properties or designated as sold at the time when the obligation to buy or sell is entered into by means of a signed agreement, at which time the conditions of the transaction can be identified unequivocally and any resolutive conditions included in the agreement can no longer be invoked, or the chance that they will be invoked is small, the material risks and benefits associated with the ownership of the property investment have been transferred and the actual control over the investment property has been acquired or has been transferred.
Upon first recognition, the investment properties are recognised at acquisition price plus costs attributable to the acquisition, including property transfer tax, property agency fees, due diligence costs, and legal and civil-law notary costs and are recognised at fair value on subsequent balance sheet dates.

Investment properties are classified as investment properties under renovation at such time when it is decided that for continued future use, an existing investment property must first be renovated and as a consequence is no longer available for letting during renovation.

Both investment properties in operation and under renovation are stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives (see under 'Q Gross Rental Income'). The fair value is based on the market value (less the costs borne by the buyer, including property transfer tax), i.e. the estimated value at which an investment property could be traded at the balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties operating prudently and without duress.
The independent, certified appraisers are instructed to appraise the investment properties in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Valuation Standards Council (IVSC). These guidelines contain mandatory rules and best practice guidelines for all RICS members and appraisers.
The appraisers use the discounted cash flow method and/or the capitalisation method for determining the market value. In the event that both methods are applied, the respective outcomes are compared. The market value established according to the discounted cash flow method is determined as the present value of the forecasted cash flow for the next ten years. The market value established according to the capitalisation method is determined by capitalising the net market rents on the basis of a percentage yield (capitalisation factor). The capitalisation factor is based on the yields of recent market transactions for comparable property investments at comparable locations. Both methods take recent market transactions and differences between market rent and contractual rent, incentives provided to tenants, vacancy, operating expenses, state of repair and future developments into account. All investment properties in operation and under renovation are appraised at least once a year by independent, certified appraisers.

In order to present the fair value at the relevant balance sheet date in (interim) financial statements as accurately as possible, the following system is used:

- All investment properties in operation and under renovation with an expected individual value exceeding € 2.5 million are appraised externally every quarter. An extensive appraisal report is drawn up by the external appraiser once a year. The schedule for the extensive appraisals ensures an even spread across the quarters. In the other three quarters an update of the most recent extensive report by the external appraiser is considered sufficient.
- External appraisals of investment properties with an expected individual value of € 2.5 million or less are carried out at least once per year, evenly spread across the different quarters. For the quarters in which these property investments are not appraised externally, the fair value of these property investments is determined internally.
- The external appraisers must be properly certified and must have a good reputation and relevant experience pertaining to the location and the type of investment property. Furthermore, they must act independently and exercise objectivity.
- In principle, the external appraiser for an investment property is changed every three years.

Based on this methodology, effectively 80% to 90% of the total value of the property investments is appraised externally each quarter.

The remuneration of the external appraisers is based on a permillage of the value of the properties to be appraised.

Profits or losses resulting from a change in the fair value of an investment property in operation or under renovation are entered in the profit and loss account under 'Value movements investment properties in operation/under renovation' in the period in which they occur.

Profits or losses resulting from the disposal of an investment property are determined as the difference between the net income from disposal and the most recent published book value of the investment property. They are recognised in the period in which the disposal takes place and entered under 'Net result on disposals of investment properties'.

F INVESTMENT PROPERTIES IN PIPELINE

Investment properties in pipeline concern properties under construction or development for future use as investment properties in operation. During development or construction, all directly attributable costs necessary for preparing the property for letting are recognised as the cost price of the investment property. Overhead costs are not capitalised.

Financing costs directly attributable to the acquisition or construction of the investment property are capitalised as part of the cost price of the investment property. Capitalisation of financing costs starts at the time when the preparations for construction or renovation have started, the expenditure is made and the financing costs are incurred. Capitalisation of financing costs is terminated when construction or development is complete and the investment property in pipeline is recognised as investment property in operation. For the determination of financing costs, a capitalisation percentage is applied to the expenditure. The percentage is equal to the weighted average of the financing costs of the Group's interest-bearing loans that are outstanding during the period concerned, excluding loans specifically taken out in connection with the investment properties in pipeline. Financing costs relating to these loans taken out specifically are capitalised in full.

The property under construction or in development is recognised at fair value as soon as it becomes possible to reliably determine the fair value. A reliable determination of the fair value is considered possible once substantial development risks have been eliminated. Any differences between the fair value and the cost price applicable at that time are recognised in the profit and loss account under 'Value movements investment properties in pipeline'.

G TANGIBLE FIXED ASSETS

Tangible fixed assets mainly comprise assets held by the Group in the context of supporting business operations, such as office furniture, computer equipment and vehicles. Tangible fixed assets are valued at cost less any cumulative depreciation and any cumulative impairment losses. Depreciation is recognised in the profit and loss account using the straight-line method, taking account of the expected useful life and residual value of the assets in question. The expected useful life is estimated as follows:

– Office furniture and such	5 years
– Computer equipment	5 years
– Vehicles	5 years

H FINANCIAL DERIVATIVES

The Group uses financial interest-rate derivatives for hedging interest-rate risks resulting from its operating, financing and investing activities. In accordance with the treasury policy set by the Board of Management and the Supervisory Board, the Group neither holds nor issues derivatives for trading purposes. At first recognition, financial derivatives are valued at cost. After first recognition, financial derivatives are valued at fair value.

The fair value of financial interest-rate derivatives is the amount the Group would expect to receive or to pay if the financial interest-rate derivatives were to be terminated at the balance sheet date, taking into account the actual interest rate and the actual credit risk of the counterparty or counterparties in question at the balance sheet date. The amount is determined on the basis of information from reputable market parties.

A derivative is classified as a current asset or short-term debt if the remaining term of the derivative is less than 12 months or if the derivative is expected to be realised or settled within 12 months.

Hedging

When entering into hedging transactions, the relation between the derivatives and the hedged loan positions is documented and aligned with the objectives in the treasury policy. In addition, both prospective and retrospective analyses are carried out to determine whether the hedging transactions are highly effective in compensating the risk of changes in the fair value of the hedged position or the hedged risk of attributable cash flows. The recognition of gains and losses depends on the degree of hedging:

- *Derivatives that have not been designated as hedge accounting or do not quality for hedge accounting*
  These derivatives are stated at fair value; the results are recognised in the profit and loss account.
- *Fair value hedging*
  Changes in the fair value of derivatives designated and qualifying as fair value hedges are recognised in the profit and loss account simultaneously with the changes in the fair value of the hedged liabilities associated with the hedged risk. The Group does not currently hold any interest-rate derivatives that qualify as fair value hedges.
- *Cash flow hedging*
  The Group uses interest-rate derivatives to hedge interest-rate risks of floating interest loans. Gains and losses in respect of the effective portion of the derivatives designated and qualifying as cash flow hedges are taken to group equity (after deduction of any deferred tax liabilities) under the item 'Hedging reserve in respect of financial derivatives'. The ineffective part of the financial interest-rate derivatives is recognised in the profit and loss account.

If an interest-rate derivative expires or is sold, terminated or exercised, or if the entity revokes designation of the hedge relationship, but the hedged future transaction is still expected to take place, the cumulative gain or loss at that point remains in equity and is recognised when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss in equity is recognised immediately in the profit and loss account.

I DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are stated at nominal value less a provision for possible bad debts.

J CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise deposits, call money and bank account credit balances.

K CAPITAL PAID-UP AND CALLED, SHARE PREMIUM RESERVE AND OTHER RESERVES

Shares are classified as equity Vastned Retail shareholders. External costs directly attributable to the issue of new shares, such as issuing costs, are deducted from the issue proceeds and consequently recognised in the share premium reserve. In the issue price of shares, account is taken of the estimated investment result for the current financial year attributable to the shareholders of the Company up to the issuing date. The investment result included in the issue price is added to the share premium reserve. The increase in the capital paid-up and called associated with the issue of shares in respect of the stock dividend is charged to the share premium reserve, as are the costs in respect of the stock dividend.

When repurchasing the Company's own shares, the balance of the amount paid, including directly attributable costs is recognised as a movement in equity.

Dividends in cash are charged to the other reserves in the period in which the dividends are declared by the Company.

L DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are recognised for income tax to be reclaimed in future periods relating to offsettable temporary differences between the book value of assets and liabilities and their fiscal book value, and for the carry-forward of unused tax losses or unused tax credits. Deferred tax assets are only recognised if it is likely that the temporary differences will be settled in the near future and sufficient taxable profit will be available for compensation.

Deferred tax liabilities are recognised for income tax payable in future periods on taxable temporary differences between the book value of assets and liabilities and their fiscal book value. For the valuation of deferred tax liabilities, the tax rates are taken into account that are expected to apply in the period in which the liability will be settled, based on tax rates (materially) enacted at the balance sheet date. In valuing deferred tax liabilities, account is taken of the tax consequences of the way in which the Group expects to realise or settle the book value of its assets and liabilities on the balance sheet date. Deferred tax liabilities are not discounted.

M PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS

Defined benefit pension plans

The Group's net liability in respect of defined benefit pension plans is calculated separately for each plan by estimating the pension rights employees have built up in return for their service during the reporting period and prior periods. The pension rights in respect of defined benefit pension plans are calculated at net present value at a discount rate less the fair value of the plan assets from which the liabilities are to be settled. The external actuary employs the projected unit credit method for these calculations.

When the pension rights in respect of a plan are improved, the part of the improved pension rights concerning past years of service of employees is recognised as an expense in the profit and loss account on a straight-line basis over the average period until the pension rights become vested. To the extent that the pension rights vest immediately, the expense is recognised in the profit and loss account immediately. All actuarial gains and losses as per 1 January 2004, the transition date to IFRS, have been recognised. Actuarial gains and losses arising after 1 January 2004 are recognised by the Group according to the so-called 'corridor' approach. According to this 'corridor' approach, any cumulative unrecognised actuarial gains or losses exceeding 10% of the greater of the present value of the gross liability of the defined (pension) benefits or the fair value of the plan assets, are recognised in the profit and loss account for the expected average remaining working lives of the employees who participate in the plan. Otherwise, the actuarial gain or actuarial loss is not recognised.

If the plan assets exceed the obligations, the recognition of the assets is limited to an amount not exceeding the net total of any unrecognised actuarial losses and pension costs of past service and the present value of any future refunds from the plan available at that time or lower future (pension) premiums.

Defined contribution pension plans

Obligations of the Group in respect of defined contribution pension plans are recognised as expenditure in the profit and loss account when the contributions become due.

Long-term employee benefits

Obligations in respect of future jubilee benefits are also recognised in this provision.

N OTHER PROVISIONS

Provisions are recognised in the balance sheet if the Group has a legally enforceable or actual obligation resulting from a past event and if it is probable that the settlement of that liability will require an outflow of funds. If the effect is material, provisions are recognised that are equal to the present value of the expenditure that is expected to be required for the settlement of the liability.

O INTEREST-BEARING DEBTS

Upon first recognition, interest-bearing debts are stated at fair value less the costs associated with taking on the interest-bearing debts. After their first recognition, interest-bearing debts are stated at amortised cost, recognising any difference between the cost price and the debt to be repaid in the profit and loss account for the term of the debt based on the effective interest rate method. Interest-bearing debts with a term of more than one year are recognised under long-term liabilities. Any repayments on interest-bearing debts within one year are recognised under short-term liabilities.

P OTHER LIABILITIES AND ACCRUALS

Other liabilities and accruals are stated at nominal value.

Q GROSS RENTAL INCOME

Gross rental income from operational lease contracts is recognised on a time-proportionate basis over the duration of the lease contracts. Rent-free periods, rent discounts and other lease incentives are recognised as an integral part of total gross rental income. The resulting accruals are recognised under 'Accrued assets in respect of lease incentives'. These accruals are part of the fair value of the respective investment properties in operation and under renovation.
Payments from tenants in relation to the premature termination of a lease are recognised in the period within which they occur.

R NET SERVICE CHARGE EXPENSES

Service charges relate to costs for energy, doormen, garden maintenance and such, which under the terms of the lease contract can be charged on to the tenant. The part of the service charges that cannot be charged on relates largely to vacant (units in) investment properties. The costs and amounts charged on are not specified in the profit and loss account.

S OPERATING EXPENSES

Operating expenses concern costs directly connected to the operation of the property, such as maintenance, management costs, insurance, allocation to the provision for doubtful debtors and local taxes. These costs are attributed to the period to which they relate. Costs incurred when concluding operational lease contracts, such as leasing fees, are recognised in the period in which they are incurred.

T NET FINANCING COSTS

Net financing costs consist of interest expenses on loans and debts attributable to the period, calculated on the basis of the effective interest rate method, less capitalised financing costs on investment properties and interest income on outstanding loans and receivables. Net financing costs also include gains and losses resulting from changes in the fair value of the financial derivatives. These gains and losses are recognised immediately in the profit and loss account, unless a derivative qualifies for hedge accounting (see under 'H Financial Derivatives').

U GENERAL EXPENSES

General expenses concern, inter alia, personnel costs, housing costs, IT costs, publicity costs and the costs of external consultants. Costs relating to the internal commercial, technical and administrative management of the property are attributed to operating expenses.

V INCOME TAX

Income tax comprises taxes currently payable and recoverable as attributable to the reporting period and the movements in deferred tax assets and deferred tax liabilities (see under 'L Deferred Tax Assets and Liabilities'). Income tax is recognised in the profit and loss account, except to the extent that it concerns items that are taken directly to equity, in which case the tax is recognised under equity.

The taxes payable and recoverable for the reporting period are the taxes that are expected to be payable on taxable profit in the financial year, calculated on the basis of tax rates and tax legislation enacted or substantively enacted at the balance sheet date, and corrections to taxes payable on previous years. Additional income tax in respect of dividend payments by subsidiaries is recognised at the same time as the obligation to pay out the dividend concerned.

W CASH FLOW STATEMENT

The cash flow statement is presented based on the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Income and expenditure in respect of interest are recognised under the cash flow from operating activities. Expenditure in respect of dividends is recognised under the cash flow from financing activities.

X SEGMENTED INFORMATION

The segmented information is presented on the basis of the countries where the investment properties are located and on the basis of the type of investment property, with a distinction being made between high street shops and other (retail) properties. These reporting segments are consistent with the segments used in the internal reports.

3 SEGMENTED INFORMATION

	Netherlands		France	
	2011	2010	2011	2010
Net rental income	44,697	42,387	23,862	22,096
Value movements investment properties in operation	2,534	11,859	26,648	23,886
Value movements investment properties under renovation	–	–	–	–
Value movements investment properties in pipeline	(934)	(457)	(6,899)	(1,826)
Net result on disposals of investment properties	276	409	198	92
Total net income from investment properties	**46,573**	**54,198**	**43,809**	**44,248**
Net financing costs				
General expenses				
Income tax				
Non-controlling interests				
Investment result attributable to Vastned Retail shareholders				

	Netherlands		France	
	2011	2010	2011	2010
Investment properties in operation				
Balance as at 1 January	748,870	696,897	409,249	386,597
– Acquisitions	40,434	42,164	30,079	–
– Capital expenditure	1,717	1,532	138	613
– Taken into operation	–	2,210	–	–
– Disposals	(6,795)	(5,792)	(1,991)	(1,847)
	784,226	737,011	437,475	385,363
– Value movements	2,534	11,859	26,648	23,886
– Exchange rate differences	–	–	–	–
Balance as at 31 December	786,760	748,870	464,123	409,249
– Accrued assets in respect of lease incentives	650	505	416	181
Appraisal value as at 31 December	787,410	749,375	464,539	409,430
Investment properties in pipeline	4,720	4,880	10,680	15,180
Investment properties	792,130	754,255	475,219	424,610
Other assets	1,809	1,855	2,060	2,213
Not allocated to segments				
Total assets				
Liabilities	13,613	16,960	13,801	15,800
Not allocated to segments				
Total liabilities[1]				

1 The financing for the property portfolios in the different countries, is managed at the holding level. For this reason segmenting this financing by country is not relevant.

	Spain		Belgium		Turkey		Portugal		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	25,346	25,646	19,557	19,227	1,277	1,403	897	1,081	115,636	111,840
	(11,647)	(3,756)	19,215	4,458	2,046	1,708	83	(225)	38,879	37,930
	–	(725)	–	–	–	–	–	–	–	(725)
	–	–	–	–	1,355	554	–	–	(6,478)	(1,729)
	–	–	1,617	181	355	–	–	–	2,446	682
	13,699	**21,165**	**40,389**	**23,866**	**5,033**	**3,665**	**980**	**856**	**150,483**	**147,998**
									(33,837)	(30,854)
									(7,057)	(6,605)
									(678)	(1,852)
									(12,814)	(9,511)
									96,097	**99,176**

	Spain		Belgium		Turkey		Portugal		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	415,916	409,291	303,097	298,619	32,421	30,315	12,308	12,533	1,921,861	1,834,252
	–	5,162	10,361	–	–	–	–	–	80,874	47,326
	4,434	2,119	2,078	334	51	17	13	–	8,431	4,615
	–	3,100	–	–	–	–	–	–	–	5,310
	–	–	(1,319)	(314)	(5,040)	–	–	–	(15,145)	(7,953)
	420,350	419,672	314,217	298,639	27,432	30,332	12,321	12,533	1,996,021	1,883,550
	(11,647)	(3,756)	19,215	4,458	2,046	1,708	83	(225)	38,879	37,930
	–	–	–	–	–	381	–	–	–	381
	408,703	415,916	333,432	303,097	29,478	32,421	12,404	12,308	2,034,900	1,921,861
	3,170	710	312	190	–	–	–	–	4,548	1,586
	411,873	416,626	333,744	303,287	29,478	32,421	12,404	12,308	2,039,448	1,923,447
	–	–	–	–	74,181	52,031	–	–	89,581	72,091
	411,873	416,626	333,744	303,287	103,659	84,452	12,404	12,308	2,129,029	1,995,538
	1,061	1,570	705	702	1,140	1,163	450	416	7,225	7,919
									10,279	11,175
									2,146,533	2,014,632
	32,672	34,897	2,913	3,485	2,328	774	1,216	1,291	66,543	73,207
									974,289	866,520
									1,040,832	**939,727**

SEGMENTATION BY TYPE OF PROPERTY

	High street shops		Other property investments		Total	
	2011	2010	2011	2010	2011	2010
Net rental income	50,159	49,597	65,477	62,243	115,636	111,840
Value movements investment properties in operation	31,975	36,194	6,904	1,736	38,879	37,930
Value movements property investments under renovation	–	–	–	(725)	–	(725)
Value movements property investments in pipeline	1,355	554	(7,833)	(2,283)	(6,478)	(1,729)
Net result on disposals of investment properties	416	474	2,030	208	2,446	682
Total net income from investment properties	**83,905**	**86,819**	**66,578**	**61,179**	**150,483**	**147,998**
Net financing costs					(33,837)	(30,854)
General expenses					(7,057)	(6,605)
Income tax					(678)	(1,852)
Non-controlling interests					(12,814)	(9,511)
Investment result attributable to Vastned Retail shareholders					**96,097**	**99,176**

	High street shops		Other property investments		Total	
	2011	2010	2011	2010	2011	2010
Investment properties in operation						
Balance as at 1 January	904,110	867,926	1,017,751	966,326	1,921,861	1,834,252
– Acquisitions	40,440	5,162	40,434	42,164	80,874	47,326
– Capital expenditure	752	2,185	7,679	2,430	8,431	4,615
– Taken into operation	–	–	–	5,310	–	5,310
– Disposals	(4,234)	(7,357)	(10,911)	(596)	(15,145)	(7,953)
	941,068	867,916	1,054,953	1,015,634	1,996,021	1,883,550
– Value movements	31,975	36,194	6,904	1,736	38,879	37,930
– Exchange rate differences	–	–	–	381	–	381
Balance as at 31 December	973,043	904,110	1,061,857	1,017,751	2,034,900	1,921,861
– Accrued assets in respect of lease incentives	928	503	3,620	1,083	4,548	1,586
Appraisal value as at 31 December	973,971	904,613	1,065,477	1,018,834	2,039,448	1,923,447
Investment properties in pipeline	76,531	54,381	13,050	17,710	89,581	72,091
Investment properties	1,050,502	958,994	1,078,527	1,036,544	2,129,029	1,995,538
Other assets	1,620	1,658	3,409	2,696	5,029	4,354
Not allocated to segments					12,475	14,740
Total assets	**1,052,122**	**960,652**	**1,081,936**	**1,039,240**	**2,146,533**	**2,014,632**

4 NET RENTAL INCOME

	Gross rental income		Ground rents paid		Net service charge expenses		Operating expenses		Net rental income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Netherlands	52,603	48,467	(60)	(54)	(284)	(128)	(7,562)	(5,898)	44,697	42,387
France	26,195	24,612	(60)	(63)	(392)	(388)	(1,881)	(2,065)	23,862	22,096
Spain	29,816	29,706	(448)	(437)	(1,363)	(1,217)	(2,659)	(2,406)	25,346	25,646
Belgium	21,300	21,037	(19)	(19)	25	(98)	(1,749)	(1,693)	19,557	19,227
Turkey	1,604	1,686	-	-	(12)	(69)	(315)	(214)	1,277	1,403
Portugal	1,014	1,130	-	-	-	-	(117)	(49)	897	1,081
	132,532	**126,638**	**(587)**	**(573)**	**(2,026)**	**(1,900)**	**(14,283)**	**(12,325)**	**115,636**	**111,840**

GROUND RENTS PAID	2011	2010
Attributable to leased properties	551	549
Attributable to vacant properties	36	24
	587	**573**

NET SERVICE CHARGE EXPENSES	2011	2010
Attributable to leased properties	6	210
Attributable to vacant properties	2,020	1,690
	2,026	**1,900**

OPERATING EXPENSES	2011	2010
Attributable to leased properties	13,671	11,782
Attributable to vacant properties	612	543
	14,283	**12,325**

OPERATING EXPENSES	2011	2010
Maintenance	3,653	2,375
Administrative and commercial management[1]	5,301	5,066
Insurance	430	443
Local taxes	2,275	2,183
Letting costs	759	474
Allocation to the provision for doubtful debtors (on balance)	1,001	966
Other operating expenses	864	818
	14,283	**12,325**

1 4% of gross rental income, consisting of external and general expenses, which are attributed to operating expenses.

5 VALUE MOVEMENTS INVESTMENT PROPERTIES

	2011			2010		
	Positive	Negative	Total	Positive	Negative	Total
Investment properties in operation	83,140	(44,261)	38,879	61,239	(23,309)	37,930
Investment properties under renovation	–	–	–	–	(725)	(725)
Investment properties in pipeline	1,355	(7,833)	(6,478)	554	(2,283)	(1,729)
	84,495	**(52,094)**	**32,401**	**61,793**	**(26,317)**	**35,476**

6 NET RESULT ON DISPOSALS OF INVESTMENT PROPERTIES

	2011	2010
Sales price	16,269	8,581
Book value at time of disposal	(14,865)	(7,953)
	1,404	628
Sales costs	(203)	(56)
	1,201	572
Other	1,245	110
	2,446	**682**

An amount of € 0.9 million is included under 'other' related to an additional payment received from the buyer for the Shopping Park Olen property in Belgium, sold in 2009.

7 NET FINANCING COSTS

INTEREST INCOME	2011	2010
Bank accounts and short-term deposits	(4)	(56)
Other interest income	(23)	(149)
Capitalised financing costs	(1,971)	(737)
	(1,998)	**(942)**

INTEREST EXPENSE	2011	2010
Long-term interest-bearing loans	32,979	29,222
Short-term credits and cash loans	3,924	2,129
Other interest payable	387	347
	37,290	**31,698**
Total interest expense	35,292	30,756
Value movements financial derivatives	(1,279)	(32)
Exchange rate differences	(176)	130
	33,837	**30,854**

8 GENERAL EXPENSES

	2011	2010
Personnel costs	7,671	7,232
Remuneration of Supervisory Board	107	107
Consultancy and audit costs	1,176	970
Appraisal costs	902	918
Accommodation and office costs	1,484	1,635
Other expenses	563	250
	11,903	**11,112**
Attributed to operating expenses	(4,846)	(4,507)
	7,057	**6,605**

Personnel costs

During 2011 an average of 105 (2010: 109) employees (full-time equivalents) were employed by Vastned Retail and VastNed Offices/Industrial jointly, of whom 43 are in the Netherlands and 62 abroad. Personnel costs of the employees working in the Netherlands are attributed to Vastned Retail based on the actual work done. Vastned Retail has no employees.

In the year under review, Vastned Retail accounted for € 7.0 million in wages and salaries (2010: € 7.0 million), € 1.1 million in social security charges (2010: € 1.1 million) and € 0.6 million in pension premiums (2010: € 0.6 million). After the allocation to VastNed Offices/Industrial, the following amounts remain: € 5.4 million in wages and salaries (2010: € 5.0 million), € 0.9 million in social security charges (2010: € 0.9 million) and € 0.3 million in pension premiums (2010: € 0.3 million).

Audit costs

The consultancy and audit costs include the costs shown below, which were charged by Deloitte Accountants for work carried out for Vastned Retail N.V. and its subsidiaries.

	2011	2010
Audit fees	284	298
Audit-related fees	–	4
Other non-audit-related fees	2	–
	286	**302**

The audit costs include a sum of € 0.1 million (2010: € 0.1 million) for Deloitte Accountants B.V.

Other expenses

Other expenses include publicity costs and IT costs.

9 INCOME TAX

CURRENT INCOME TAX EXPENSE	2011	2010
Current financial year	(25)	420
Expiry of offsettable losses	173	–
Adjustment to previous financial years	(61)	(239)
	87	**181**

MOVEMENTS IN DEFERRED TAX ASSETS AND LIABILITIES	2011	2010
In respect of:		
Value movements investment properties	890	1,212
Tax effect of offsettable losses	(16)	459
Adjustment related to change in fiscal status	(283)	–
	591	**1,671**
	678	**1,852**

RECONCILIATION OF EFFECTIVE TAX RATE

		2011		2010
Investment result before taxes		109,589		110,539
Income tax at Dutch tax rate	0.0%	–	0.0%	–
Effect of tax rates of subsidiaries operating in other jurisdictions	0.8%	865	1.5%	1,632
Tax effect of expiry of offsettable losses	0.1%	157	0.4%	459
Adjustment related to change in fiscal status	(0.2%)	(283)	–	–
Adjustment to previous financial years	(0.1%)	(61)	(0.2%)	(239)
	0.6%	**678**	**1.7%**	**1,852**

Vastned Retail qualifies as a fiscal investment institution as meant in Section 28 of the 1969 Netherlands Corporate Income Tax Act. As long as the Company continues to comply with the conditions of Section 28 of the 1969 Netherlands Corporate Income Tax Act, the Company's fiscal result is taxed at a rate of 0%. These conditions mainly concern the investment character of the Company's activities, the fiscal financing ratios, the composition of the shareholders' base and the cash dividend distribution of the fiscal result within 8 months of the close of the financial year.

Most of the properties in Belgium are held by the Intervest Retail Bevak. A Bevak (investment company with fixed capital) essentially has a tax-exempt status, so that no tax is payable on its profits in Belgium. The requirements for the Bevak are comparable to those for the Dutch fiscal investment institution.

Except for one company, Vastned Retail's property portfolio in France is subject to the SIIC regime. Under this fiscal regime, Vastned Retail is not liable for taxation on its French net rental income nor on the capital gains realised in France. The requirements of the SIIC regime are comparable to those for the Dutch fiscal investment institution.
In France, only a single property, valued at € 0.4 million, is held by a company subject to the usual tax rules. The nominal tax rate is 34.43%. Depreciation, interest and other expenses are deducted from the taxable net income.

The properties in Spain, Turkey and Portugal are held by companies subject to the usual tax rules. In Spain the nominal tax rate is 30.0%, in Turkey 20.0% and in Portugal 26.5%. Depreciation, interest and other expenses are deducted from the taxable net rental income realised in these companies. In Spain, if capital gains are realised and reinvested in Spain within three years then income tax paid is refunded at 12.0% of the capital gains realised. The effective tax rate then amounts to 18.0%.

The calculations of deferred tax assets and liabilities are based on the nominal tax rates effective on 1 January 2012.

10 INVESTMENT RESULT PER SHARE

	2011		2010	
	Basic	Diluted	Basic	Diluted
Investment result	**96,097**	**96,097**	**99,176**	**99,176**

AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE	2011		2010	
	Basic	Diluted	Basic	Diluted
Balance as at 1 January	18,495,220	18,495,220	18,265,213	18,265,213
Effect of stock dividend	79,375	79,375	144,306	144,306
Average number of ordinary shares in issue	**18,574,595**	**18,574,595**	**18,409,519**	**18,409,519**

PER SHARE (X € 1)	2011		2010	
	Basic	Diluted	Basic	Diluted
Investment result	**5.17**	**5.17**	**5.39**	**5.39**

Except for the purchase of ten priority shares that were subsequently converted to ordinary shares pursuant to the January 2012 amendment to the articles of association and that will be cancelled during the course of 2012, no shares were issued or purchased during the period between the balance sheet date and the date on which the annual accounts were drawn up and approved for publication.

11 DIVIDEND

Vastned Retail's dividend policy is aimed at distributing the direct investment[1] result to shareholders in full. The fiscal result as a minimum must be paid out in cash in order to comply with the fiscal conditions for fiscal investment institutions.

On 16 May 2011, the final dividend for the 2010 financial year was made payable. It consisted of 5% in cash on the priority shares and an optional dividend on the ordinary shares of € 2.58 in cash or € 1.33 in cash and 2.56% in shares charged to the share premium reserve. This dividend payment totalled € 41.6 million.

On 29 August 2011, the interim dividend for the 2011 financial year was made payable. The interim dividend amounted to € 1.09 per share in cash (total payout: € 20.3 million).

The Board of Management proposes the following final dividend per share for the 2011 financial year:
- an optional dividend on the shares of:
  - € 2.52 in cash, or
  - a percentage in the form of shares (still to be determined), depending on the share price, charged to the share premium reserve that will constitute an approximate value of € 2.52.

In order to comply with the conditions for a fiscal investment institution, a minimum of € 23.6 million in cash (approximately € 1.27 per share) must be disbursed. If the number of shareholders exercising the stock dividend option is such that this amount is not achieved, the stock dividend allocation will be adjusted on a pro-rated basis so that at least € 23.6 million in cash will be disbursed.

If the General Meeting of Shareholders approves the dividend proposal, the dividend will be made payable to shareholders on 21 May, 2012. The dividend to be distributed has not been entered in the balance sheet as a liability.

1 The direct investment result consists of net rental income less net financing costs (excluding value movements financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

12 INVESTMENT PROPERTIES

INVESTMENT PROPERTIES IN OPERATION AND UNDER RENOVATION	2011	2010		
	In operation	In operation	Under renovation	Total
Balance as at 1 January	1,921,861	1,834,252	3,100	1,837,352
Acquisitions	80,874	47,326	-	47,326
Capital expenditure	8,431	4,615	725	5,340
Taken into operation	-	5,310	(3,100)	2,210
Disposals	(15,145)	(7,953)	-	(7,953)
	1,996,021	1,883,550	725	1,884,275
Value movements	38,879	37,930	(725)	37,205
Exchange rate differences	-	381	-	381
Balance as at 31 December	2,034,900	1,921,861	-	1,921,861
Accrued assets in respect of lease incentives	4,548	1,586	-	1,586
Appraisal value as at 31 December	**2,039,448**	**1,923,447**	**-**	**1,923,447**

The acquisitions in 2011 are related to the purchase of 33 shops in the Walburg shopping centre in Zwijndrecht, the Netherlands for € 40.4 million, the purchase of 9 high street shops in Bordeaux, France for € 30.1 million and the purchase of the 'Jardin d'Harscamp' shopping complex in Namur, Belgium for € 10.4 million.

The investments in 2011 are primarily related to the upgrade of the Madrid Sur shopping centre in Madrid, Spain, the opening of a gym in the Atalayas shopping centre in Murcia, Spain and the renovation of the retail warehouse on the Mechelsesteenweg in Vilvoorde, Belgium.

The disposals in 2011 consisted of the Prinses Margrietlaan 24-52 in Mijdrecht, the Netherlands for € 5.1 million, four small properties in the Netherlands for a total of € 2.0 million, five small properties in Lille, France for a total of € 2.2 million, the Carnotstraat 18-20 in Antwerp, Belgium for € 1.6 million, an apartment located above a shop in Vilvoorde, Belgium for € 0.2 million and the 'Bomonti Park' shopping centre in Istanbul, Turkey for € 5.1 million.
A positive sales result of € 1.1 million in relation to the book value was realised on these disposals.

Accrued assets in respect of lease incentives	2011	2010
Balance as at 1 January	1,586	1,866
Lease incentives	6,262	3,090
Charged to the profit and loss account	(3,300)	(3,088)
Other	-	(282)
Balance as at 31 December	**4,548**	**1,586**

As at 31 December 2011, 87% of the investment properties in operation were appraised by independent certified appraisers. The appraisal values determined by these external appraisers match the book values recorded in the annual accounts. The remaining investment properties in operation were appraised earlier in the year under review by independent certified appraisers. The fair value of these investment properties on 31 December 2011 was determined internally.
The independent certified appraisers who appraised the investment properties are as follows: CBRE in Brussels, Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris, De Crombrugghe & Partners in Brussels, DTZ Pamir & Soyuer in Istanbul, DTZ Zadelhoff in Amsterdam, Jones Lang Lasalle in Lisbon and Madrid, and Retail Consulting Group in Paris.

Key principles and assumptions used in determining the appraisal values:

	Netherlands		France	
	High street shops	Other property investments	High street shops	Other property investments
2011				
Lease incentives still to be granted as at the balance sheet date	272	139	815	129
Market rent per sqm (x € 1)	251	161	367	201
Theoretical annual rental income per sqm (x € 1)	236	159	340	199
Vacancy rate at end of reporting year	2.9	4.5	3.9	7.6
Weighted average term in years (first break)	3.7	4.4	1.4	1.5
The appraisal values established on the basis of these principles and assumptions produce the following net yields:	5.7	6.5	5.6	6.2
2010				
Lease incentives still to be granted as at the balance sheet date	61	84	1,017	237
Market rent per sqm (x € 1)	244	149	357	197
Theoretical annual rental income per sqm (x € 1)	233	150	335	196
Vacancy rate at end of reporting year	2.3	3.4	6.8	7.2
Weighted average term in years (first break)	4.0	4.0	1.4	1.6
The appraisal values established on the basis of these principles and assumptions produce the following net yields:	5.9	6.5	5.7	6.6

The market rent is the estimated amount for which a specific space may be leased at a specific point in time by well-informed and independent parties who are prepared to enter into a transaction, both parties operating prudently and without duress.

The theoretical annual rental income is the gross annual rent exclusive of the effects of straight-lining of lease incentives, increased by the annual market rent of any vacant spaces.

The vacancy rate is calculated by dividing the estimated market rental value of vacant space by the estimated market rental value of the whole property portfolio.

The net yield is calculated by dividing the net rental income at the balance sheet date by the market value of the properties.

An increase in the net initial yields used in the appraised values of 50 basis points will result in a decrease in the value of the property investments in operation of € 148.1 million or 7.3% (2010: € 142.5 million or 7.1%) and an increase in the loan-to-value ratio of approximately 320 basis points (2010: approximately 270 basis points).

Property investments to a value of € 446.1 million (2010: € 437.1 million) serve as security for loans contracted (also see '19 Long-term interest-bearing loans').

For further details on the investment properties in operation and under renovation, please refer to the '2011 Property Portfolio' overview included elsewhere in this annual report.

Spain		Belgium		Turkey	Portugal	Total	
High street shops	Other property investments	High street shops	Other property investments	High street shops	High street shops	High street shops	Other property investments
12	1,421	87	106	–	–	1,186	1,795
918	209	333	93	658	258	305	162
783	231	329	92	570	295	287	167
–	9.0	4.8	2.1	–	–	3.2	6.3
3.3	2.7	2.0	3.3	2.1	8.9	2.8	3.2
4.4	8.2	5.7	6.9	5.1	7.2	5.6	7.1
–	1,055	153	162	–	–	1,231	1,538
893	216	313	91	626	258	293	159
762	235	314	91	547	330	280	164
–	9.6	–	2.3	1.9	–	2.9	6.2
3.9	4.7	2.2	3.3	1.5	9.9	3.1	3.0
4.5	8.2	5.9	7.2	5.1	8.8	5.8	7.3

INVESTMENT PROPERTIES IN PIPELINE

	2011	2010
Balance as at 1 January	72,091	22,183
Acquisitions and development expenditure	23,323	53,757
Taken into operation	–	(2,210)
	95,414	73,730
Value movements	(5,833)	(1,639)
Balance as at 31 December	**89,581**	**72,091**

In 2011, a prime high street shop was acquired in the heart of the Nişantaşı shopping district in Istanbul, Turkey. The acquisition was valued at € 16.8 million. The property will be completely redeveloped. Delivery is expected to take place in the second half of 2013.

As at 31 December 2011, four investment properties in pipeline with a total value of € 76.5 million were appraised externally by independent certified appraisers. The external appraisals were conducted by DTZ Pamir & Soyuer and Cushman & Wakefield. The value as at 31 December 2011 of three smaller investment properties in pipeline with a total value of € 13.1 million was determined internally.

Projected net initial yields varying from 6.0% to 8.8% were used to determine the market value of the investment properties in pipeline.

For further details on the investment properties in pipeline, please refer to the '2011 Property Portfolio' overview included elsewhere in this annual report.

Please refer to '24 Rights and obligations not recorded in the balance sheet' for further details on the committed investment properties in pipeline.

13 DEFERRED TAX ASSETS AND LIABILITIES

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Investment properties	–	31,408	–	31,950
Financial derivatives	–	(4,636)	–	(3,511)
Offsettable losses	478	(3,325)	478	(3,291)
Other	–	334	–	181
	478	**23,781**	**478**	**25,329**

Deferred tax assets and liabilities are offset if there is a right enforceable by law to set off the tax assets and liabilities against each other and if these deferred tax assets and liabilities are incurred under the same tax regime.

The movements in the deferred tax assets and liabilities were as follows:

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Balance as at 1 January	478	25.329	904	23,989
Acquisition of subsidiaries	–	1.900	–	409
Net credit/charge to the profit and loss account	–	(460)	–	229
Net credit/charge to equity	–	(943)	–	–
Offsettable losses used	–	147	–	678
Tax effect of expiry of offsettable losses	–	194	(426)	–
Transferred to income tax in connection with merger (long-term and short-term tax liabilities)	–	(2.245)	–	–
Exchange rate differences	–	(141)	–	24
Balance as at 31 December	**478**	**23.781**	**478**	**25,329**

The deferred tax assets and liabilities as at 31 December 2011 are related to the Netherlands, France, Spain, Belgium and Turkey.

The deferred tax assets are related to offsettable losses. No restrictions apply to the offsettable losses in France and Belgium. In the Netherlands, the first offsettable losses expire in 2014 and the last offsettable losses expire in 2020. In Spain, the first offsettable losses expire in 2023 and the last offsettable losses expire in 2029. In Turkey, the first offsettable losses expire in 2013 and the last offsettable losses expire in 2017.

The deferred tax liabilities are largely related to the difference between the market value and the fiscal book value of the investment properties.

As at the balance sheet date, additional unused tax losses totalled € 6.8 million. In view of the expectation that, given the present structure, it will not be possible to set off these unused tax losses against taxable profits in the near future, no deferred tax asset was recognised.

14 DEBTORS AND OTHER RECEIVABLES

	2011	2010
Debtors	6,754	6,504
Provision for doubtful debtors	(5,006)	(4,198)
	1,748	2,306
Taxes	1,277	1,679
Receivable from disposals	185	-
Interest	47	30
Service charges	1,288	565
Prepayments	1,716	1,421
Other receivables	3,299	2,763
	9,560	**8,764**

The other receivables include items with a term in excess of one year with a total value of € 0.3 million (2010: € 0.3 million).

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents concern deposits, call money and bank account credit balances with a term of less than three months. The cash and cash equivalents are freely available to the Company.

16 CREDIT RISK

Vastned Retail's principal financial assets consist of cash and cash equivalents, debtors and other receivables.

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks.

The credit risk is primarily attributable to debtors. This credit risk is limited by prior careful screening of potential tenants. Also, security is required from tenants in the form of guarantee deposits or bank guarantees.

The aging analysis of the debtors as at 31 December was as follows:

	2011		2010	
	Gross amounts	Provision	Gross amounts	Provision
Overdue by less than 30 days	565	62	992	114
Overdue by between 31 and 90 days	544	140	737	184
Overdue by between 91 days and one year	1,598	1,361	2,131	1,569
Overdue by more than one year	4,047	3,443	2,644	2,331
	6,754	**5,006**	**6,504**	**4,198**

Movements in the provision for doubtful debtors were as follows:

	2011	2010
Balance as at 1 January	4,198	3,876
Allocation to the provision	1,390	1,838
Write-off for bad debts	(191)	(645)
Release	(389)	(872)
Exchange rate differences	(2)	1
Balance as at 31 December	**5,006**	**4,198**

Receivables are recognised after deduction of a provision for doubtful debtors.

There is no credit risk concentration since the tenant base consists of a large number of different parties.

17 SHAREHOLDERS' EQUITY

The authorized share capital is € 375.0 million and is divided into 75,000,000 shares at € 5 par value.

The equity Vastned Retail shareholders was € 53.72 per share as at 31 December 2011 (31 December 2010: € 52.75 per share).

NUMBER OF SHARES IN ISSUE

	2011		2010	
	Ordinary shares	Priority shares	Ordinary shares	Priority shares
Balance as at 1 January	18,495,220	10	18,265,213	10
Purchase of priority shares	–	(10)	–	–
Stock dividend	125,965	–	230,007	–
Balance as at 31 December	**18,621,185**	**-**	**18,495,220**	**10**

The shareholders are entitled to receive the dividend declared by the Company and are entitled to cast one vote per share at the shareholders' meetings. In the event of a share buyback by Vastned Retail where the shares are not cancelled, these rights are suspended until such time as the shares are reissued.

Pursuant to a resolution adopted by the Extraordinary General Meeting of Shareholders held on 25 November 2011, the priority shares were acquired by the Company at no cost. Pursuant to an amendment to the articles of association in January 2012, the priority shares were converted into ordinary shares. The purchased shares will be cancelled in 2012.

18 PROVISIONS IN RESPECT OF EMPLOYEE BENEFITS

Vastned Retail has a pension plan in place for its employees in the Netherlands that qualifies as a defined benefit pension plan. The pension plan is fully re-insured by the Nationale-Nederlanden Levensverzekering Maatschappij N.V. The pension plan is a conditionally indexed average earnings scheme. An unconditional indexation of a maximum of 2% per year applies to a small group of employees.
The pension plans for the employees in other countries where Vastned Retail has branches can be qualified as defined contribution pension plans.

Mercer (Nederland) B.V. has made the following assumptions for the actuarial calculations involving the defined benefit pension plans:

	31-12-2011	31-12-2010
Discount rate	5.95%	5.25%
Expected return on plan assets	5.95%	5.25%
Expected rate of salary increases (dependent on age and including inflation correction)	2.00%–6.00%	2.00%–6.00%
Future pension increases	0.325%–2.00%	0.325%–2.00%

	2011	2010	2009	2008	2007
Present value of defined benefit pension obligation	9,886	13,028	10,178	9,977	10,337
Fair value of plan assets	(7,982)	(11,073)	(8,753)	(8,083)	(8,874)
	1,904	1,955	1,425	1,894	1,463
Unrecognised actuarial gains and losses	(1,171)	(1,080)	(329)	(779)	330
Obligations in respect of pension plan	733	875	1,096	1,115	1,793
Long-term employee benefits	108	148	140	121	122
	841	**1,023**	**1,236**	**1,236**	**1,915**

Movements in the present value of the defined benefit pension obligation were as follows:

	2011	2010
Balance as at 1 January	13,028	10,178
Service costs	609	470
Interest	674	599
Contributions	72	78
Actuarial loss/(gain)	(1,520)	2,165
Benefits paid	(368)	(383)
Expenses paid	(68)	(79)
Curtailments	(140)	–
Settlements	(2,401)	–
Balance as at 31 December	**9,886**	**13,028**

Movements in the fair value of plan assets were as follows:

	2011	2010
Balance as at 1 January	11,073	8,753
Expected return	587	529
Actuarial gain/(loss)	(1,611)	1,430
Employer contributions	663	745
Employee contributions	72	78
Benefits paid	(368)	(383)
Expenses paid	(68)	(79)
Settlements	(2,366)	–
Balance as at 31 December	**7,982**	**11,073**

As indicated earlier, the defined benefit pension plan is re-insured by the Nationale-Nederlanden Levensverzekering Maatschappij N.V. For that reason, the plan assets entirely consist of insurance contracts.

The amounts recognised under general expenses in the profit and loss account in respect of the defined benefit pension plans and the defined contribution pension plans are as follows:

	2011	2010
Employer service costs	609	470
Interest	674	599
Expected return on plan assets	(587)	(529)
Settlements and curtailments	(175)	–
Actuarial losses recognised in the year	–	(16)
	521	524
Defined contribution pension plans	61	42
	582	**566**

Vastned Retail expects to contribute a total of € 0.5 million to its defined benefit pension plans in 2012. Vastned Retail expects to contribute a total of € 0.1 million to its defined contribution pension plans in 2012.

19 LONG-TERM INTEREST-BEARING LOANS

	2011				2010			
	Remaining term				Remaining term			
	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Secured loans:								
fixed interest[1]	69,612	113,005	182,617	4.23	99,052	24,469	123,521	4.43
floating interest	–	–	–	–	–	–	–	–
	69,612	**113,005**	**182,617**	4.23	**99,052**	**24,469**	**123,521**	4.43
Unsecured loans:								
fixed interest[1]	396,423	37,500	433,923	4.84	381,610	37,500	419,110	4.89
floating interest	100,991	37,500	138,491	3.07	31,928	37,500	69,428	2.83
	497,414	**75,000**	**572,414**	4.41	**413,538**	**75,000**	**488,538**	4.60
Total:								
fixed interest[1]	466,035	150,505	616,540	4.66	480,662	61,969	542,631	4.79
floating interest	100,991	37,500	138,491	3.07	31,928	37,500	69,428	2.83
	567,026	**188,005**	**755,031**	4.37	**512,590**	**99,469**	**612,059**	4.56

The partial right of mortgage on property investments with a value of € 446.1 million (2010: € 437.1 million) has been granted as security for the secured loans.
A positive/negative mortgage covenant was issued for the unsecured loans. In addition, a number of lenders have set conditions regarding the solvency and interest coverage, as well as changes in the control of the Company and/or its subsidiaries. Vastned Retail met these conditions on 31 December 2011. Please refer to '23 Financial instruments' for more details on the conditions set by the lenders.

The part of the long-term interest-bearing loans due within one year of € 22.2 million of which € 1.9 million pertains to secured loans (2010: € 92.0 million of which € 68.2 million pertains to secured loans), is recognised under short-term liabilities.

As at 31 December 2011, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 788.2 million (2010: € 725.3 million).
The unused credit facility of the long-term interest-bearing loans as at 31 December 2011 was € 11.0 million (2010: € 21.3 million).

The average term of the long-term interest-bearing loans was 3.6 years (2010: 3.7 years).

The market value of the long-term interest-bearing loans is calculated as the present value of the cash flows based on the swap yield curve and credit spreads in effect at year-end 2011.

1 Including the part that was fixed by means of interest derivatives.

As at 31 December, the market value of the long-term interest-bearing loans, including the part due within one year, was as follows:

	2011		2010	
	Market value	Carrying amount	Market value	Carrying amount
	766,105	**777,243**	**693,283**	**704,072**

The average interest rate in 2011 was 4.56% (2010: 4.51%).

20 LONG-TERM TAX LIABILITIES

	2011	2010
Balance as at 1 January	2,677	5,434
Short-term portion as at 1 January	2,757	2,978
	5,434	8,412
Allocation	2,245	–
Payments	(3,312)	(2,978)
	4,367	5,434
Short-term portion as at 31 December	(3,325)	(2,757)
Balance as at 31 December	**1,042**	**2,677**

This concerns the long-term portion of the exit tax in France, which is payable in connection with obtaining the SIIC status.

21 PAYABLE TO BANKS

	2011	2010
Credit facility	216,307	220,544
Of which undrawn	(76,813)	(99,000)
Drawn as at 31 December	**139,494**	**121,544**

The item 'Payable to banks' concerns short-term credits and cash loans.
By way of security for the credit facilities, it has been agreed with the lenders that investment property will only be mortgaged on behalf of third parties subject to the lenders' approval.

The amounts payable to banks are payable at the lenders' request within one year.

The average interest rate in 2011 was 2.47% (2010: 1.92%).

The market value of the amounts payable to banks is deemed to be equal to the balance sheet value.

Where the Company operates a notional cash pooling arrangement, the cash and amounts payable to banks are set off against each other.

22 OTHER LIABILITIES AND ACCRUALS

	2011	2010
Accounts payable	3,130	2,321
Investment creditors	5,362	7,077
Dividend	103	425
Taxes	1,552	1,865
Prepaid rent	8,881	10,279
Interest	5,787	6,010
Operating expenses	3,447	2,628
Other liabilities and accruals	9,349	4,201
	37,611	**34,806**

23 FINANCIAL INSTRUMENTS

A MANAGEMENT OF FINANCIAL RISKS

For the realisation of its objectives and the exercise of its day-to-day activities, Vastned Retail has defined a number of financial conditions aimed at mitigating the financing and refinancing risk, liquidity risk, interest rate risk and currency risk. These conditions have been laid down inter alia in the financing and interest rate policy memorandum, which is updated annually, and in the treasury regulations. Quarterly reports on these risks are submitted to the audit committee.
A summary is given below of the main conditions aimed at mitigating these risks.

Financing and refinancing risks

Investing in property is a capital-intensive activity. The property portfolio is financed partly with equity and partly with loan capital. If loan capital accounts for a large proportion of the financing, there is a risk when returns are less than expected or the property decreases in value that the interest and repayment obligations on the loans and other payment obligations can no longer be met. This would make loan capital or refinancing more difficult to arrange, with a possibility that more unfavourable conditions have to be agreed to. To limit this risk, Vastned Retail's guiding principle is to limit loan capital financing to approximately 40%–45% of the market value of the investment properties. In line with these objectives, solvency ratios and interest coverage ratios have been agreed in most of the credit agreements with lenders.

In addition, Vastned Retail aims to secure access to the capital market through transparent information provision, regular contacts with financiers and current and potential shareholders, and by increasing the liquidity of Vastned Retail shares. Finally, the aim with regard to long-term financing is to have a balanced spread of refinancing dates and a weighted average term of at least 3.0 years.

The solvency ratio is calculated by taking equity plus the provision for deferred tax liabilities and dividing by the balance sheet total. At year-end 2011 the solvency ratio was 52.6%, which is in compliance with the solvency ratios agreed with lenders.

The interest coverage ratio is calculated by taking net rental income less general expenses and dividing by net financing costs. The interest coverage ratio for 2011 was 3.1, which was well above the ratios agreed with lenders.

At year-end 2011, the weighted average term of the long-term interest-bearing loans was 3.6 years.

Liquidity risk

Vastned Retail must generate sufficient cash flows in order to be able to meet its day-to-day payment obligations. On the one hand, this is realised by taking measures aimed at high occupancy rates and by preventing financial loss due to tenants becoming bankrupt. On the other hand, the aim is to arrange sufficient credit facilities to be able to absorb fluctuations in liquidity needs. Liquidity management is centralised in the Netherlands, where most of the foreign subsidiaries' bank accounts have been placed in cash pool schemes.

At year-end 2011, Vastned Retail had € 216.3 million in short-term credit facilities available, of which it had drawn down € 139.5 million. The unused credit facility of the long-term interest-bearing loans as at 31 December 2011 was € 11.0 million.

The table below shows the financial liabilities, including the estimated interest payments[1].

	Balance sheet value	Contractual cash flows	Less than 1 year	1–5 years	More than 5 years
Long-term interest-bearing loans[2]	755,031	885,330	33,712	649,786	201,832
Long-term tax liabilities	1,042	1,042	–	1,042	–
Guarantee deposits and other long-term liabilities	10,269	10,269	–	10,269	–
Payable to banks[3]	139,494	139,602	139,602	–	–
Redemption of long-term interest-bearing loans	22,212	22,539	22,539	–	–
Income tax	3,515	3,515	3,515	–	–
Other liabilities and accruals	37,611	37,611	37,611	–	–
	969,174	**1,099,908**	**236,979**	**661,097**	**201,832**

Interest-rate risk

The interest-rate risk policy aims to mitigate the interest rate risks arising from the financing of the property portfolio while optimising net interest expenses. This policy translates into a loan portfolio composition in which in principle at least two thirds of the loans have fixed interest rates. There may be temporary deviations from this principle depending on developments in interest rates. Furthermore, the aim is to have a balanced spread of interest-rate review dates within the long-term loan capital portfolio and a typical minimum interest-rate term of three years. At least once per quarter, a report on the interest-rate and refinancing risks is submitted to the audit committee and the Supervisory Board.

Vastned Retail mitigates its interest rate risk by making use of financial derivatives (interest rate swaps), swapping the floating interest rate it pays on part of its loans for a fixed interest rate.

The interest-rate swaps are designated as cash flow hedges, whereby it has been established that all hedges, except for the interest rate swaps detailed below, are materially effective. Accordingly, cash flow hedge accounting has been applied for these swaps, which means that value movements in these swaps are recognised directly in equity.

Regarding the materially effective cash flow hedges, the interest rate risk on loans with a nominal value of € 555.3 million at year-end 2011 was hedged by entering into interest-rate swaps. To this end, contracts have been concluded with fixed interest rates ranging from 2.62% to 5.10% (excluding margins) and expiry dates ranging from 2012 through to the beginning of 2018. In addition to this, forward interest-rate swaps were concluded for loans with a nominal value of € 125.0 million with fixed interest rates ranging from 2.50% to 3.02% (excluding margins) and expiry dates ranging from 2017 through to 2018.

The cash flow hedges that are not effective are interest-rate swaps where the interest on an amount totalling € 35.0 million has been fixed, with fixed interest rates varying from 3.93% to 4.43% and expiry dates varying from April 2013 to October 2013. These hedges were for the most part ineffective during certain periods in 2011 and consequently the value movements in these interest rate swaps are (partially) directly recognised in the profit and loss account.

1 The interest rate for the long-term interest-bearing loans with a floating interest rate is based on the market rates of Euribor and Libor in effect on 1 January 2012.
2 Including interest rate swaps.
3 Including interest up to the next expiry date or interest review date.

In 2010, Vastned Retail placed a fixed rate bond loan in the amount of € 75.0 million with an institutional investor. In order to continue to comply with the financing policy laid down in the treasury regulations, interest rate swaps were concluded for loans with a nominal value of € 37.5 million, swapping the fixed interest rate for a variable interest rate. Because hedge accounting is not applied to these swaps, the value movements in these interest rate swaps are recognised directly in the profit and loss account. These swaps expire in October 2015.

The market value of interest rate swaps of which the cash flow hedges are not effective or for which hedge accounting is not applied, amounts to € 1.1 million negative at year-end 2011. This on balance negative market value, which will be nil on expiration, will be credited to the consolidated profit and loss account during the remaining life of the interest rate swaps.

With due consideration to the abovementioned interest rate swaps, at year-end 2011, of the total long-term interest-bearing loans in the amount of € 755.0 million, € 616.5 million was at a fixed interest rate (see '23 B Summary of expiry dates and fixed interest rates on long-term interest-bearing loans').

Most of the (forward) interest-rate swaps are settled on a quarterly basis. The floating interest rate is based on the 3-month Euribor rate. The differences between the floating rate and the agreed fixed interest rate are settled at the same time.

The average term of the long-term interest-bearing loans calculated in fixed interest periods was 4.3 years (2010: 4.7 years).

All transactions involving financial derivatives are entered into with reputable banks as counterparties. For this reason, it is thought unlikely that the counterparties will be unable to fulfil their obligations.

Interest-rate sensitivity

As at 31 December 2011 the impact on the investment result of a hypothetical 100 basis points increase in interest rates – all other factors remaining equal – would be a fall of € 2.7 million. Should interest rates decrease by 100 basis points as at this date, the impact on the investment result would be an increase of € 2.7 million.
The calculations take account of the financial derivatives entered into.

Currency risk

In principle, currency risks are limited as a result of the strategic decision to invest primarily in the Eurozone. Vastned Retail has investment properties in Turkey. Turkey is not in the Eurozone, so that there is a currency risk here. The risk is mitigated on the one hand by limiting the size of the Turkish property portfolio to a maximum of 10% of the total property portfolio and on the other hand by stipulating a rent in euros in the lease contracts wherever possible and by financing the investment wholly or partly in the same currency as the investment itself, which significantly lowers the exposure.

1 Including interest rate swaps and credit spreads in effect at year-end 2011.

B SUMMARY OF EXPIRY DATES AND FIXED INTEREST RATES ON LONG-TERM INTEREST-BEARING LOANS

	2011			2010		
	Contract renewal	Interest review	Average interest rate[1)]	Contract renewal	Interest review	Average interest rate[1)]
2012	–	8,579	5.70	135,972	28,595	4.91
2013	153,000	46,677	4.25	122,000	78,061	4.68
2014	203,756	135,000	4.90	163,551	135,000	4.90
2015	132,500	117,500	4.75	82,500	117,500	4.62
2016	69,344	71,590	4.76	516	777	4.45
2017 and beyond	196,431	237,194	4.50	107,520	182,698	4.84
Total long-term interest-bearing loans with a fixed interest rate	755,031	616,540	4.66	612,059	542,631	4.79
Long-term interest-bearing loans with a floating interest rate	–	138,491	3.07	–	69,428	2.83
Total long-term interest-bearing loans	**755,031**	**755,031**	4.37	**612,059**	**612,059**	4.56

C SUMMARY OF MARKET VALUE OF INTEREST-RATE DERIVATIVES

	2011		2010	
	Asset	Liability	Asset	Liability
Interest-rate swaps	1,529	42,566	158	37,406
Forward interest-rate swaps	–	4,470	820	1,095
	1,529	**47,036**	**978**	**38,501**

Market value of interest-rate derivatives, compared with the nominal value of the loans for which the interest rate risk has been hedged.

	2011		2010	
	Market value of interest-rate derivatives	Nominal value of loans	Market value of interest-rate derivatives	Nominal value of loans
Interest-rate swaps < 1 year	(2,347)	88,580	(1,211)	52,500
Interest-rate swaps 1–2 years	(5,418)	103,028	(4,369)	88,375
Interest-rate swaps 2–5 years	(24,407)	276,000	(25,184)	336,870
Interest-rate swaps > 5 years	(8,865)	85,198	(6,485)	94,202
	(41,037)	**552,806**	**(37,249)**	**571,947**
Forward interest rate swaps > 5 years	(4,470)	125,000	(274)	112,500
	(45,507)	**677,806**	**(37,523)**	**684,447**

For the purposes of the valuation method the interest rate derivatives are classed under 'level 2', which means the valuation is based on calculations by financial institutions.

24 RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

Vastned Retail Nederland has an outstanding debt to the seller for the purchase price of two unlet retail units on De Promesse in Lelystad, the Netherlands. The final purchase price depends on the units being taken on by tenants and the rent agreed for the units. A bank guarantee of € 2.3 million has been provided to the seller for the portion of the purchase sum still owing. If the units are not let within three years after delivery, a more limited purchase sum will be paid. The retail units are to be purchased no later than in December 2012.

In 2007 a turnkey agreement was concluded for the acquisition of the 'Hoogambacht' shopping centre in Hendrik-Ido-Ambacht, the Netherlands. Vastned Retail Nederland terminated this agreement in September 2011. The seller disputes the legal validity of this termination and has announced that it will recover the alleged losses it suffered as a result from Vastned Retail Nederland.

At year-end 2011, Vastned had signed contracts for the renovation of the property investments in pipeline located on the Istiklal Caddesi 85 and Istiklal Caddesi 161 in Istanbul, Turkey.
The remaining commitment at year-end 2011 was € 3.3 million.

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET AS AT 31 DECEMBER 2010 AND SETTLED IN 2011

The subsidiary Vastned Management B.V. had a cost allocation agreement with Vastned Retail and VastNed Offices/Industrial. Costs relating directly to the Company or the investment properties of the Company or its subsidiaries were recognised directly there. Other costs that could not be allocated directly were borne by Vastned Management and were charged on to Vastned Retail and VastNed Offices/Industrial in line with the actual work done without any mark-up for profit. In 2011, it was decided to terminate the management partnership agreement. The termination went into effect on 14 October 2011 as a result of the implementation of the merger between VastNed Offices/Industrial and NSI N.V.
Vastned Management received an amount of € 2.3 million from VastNed Offices/Industrial as compensation.

In 2006 a VAT inspection was carried out at the Belgian subsidiary Intervest Retail; it concerned the deduction of VAT on the construction costs incurred in 2003 for the property Factory Shopping Messancy. As a result of this investigation, in 2007 the Belgian tax authorities imposed a retrospective assessment of € 2.1 million in total. The assessment has been paid in full. However, the disposal of Factory Shopping Messancy at the end of January 2008 led to the amount of a possible adjustment, based on the inspection of the books, being reduced to € 0.8 million. Intervest Retail contested the imposed assessment, but integrally lost the tax proceedings. Since a provision had already been recognised on the balance sheet in the past, the ruling did not materially affect the result.

25 OPERATING LEASES

Vastned Retail leases its property investments in the form of non-cancellable operating leases.

The future minimum income from non-cancellable operating leases is as follows:

	2011	2010
Within one year	123,323	121,957
One to five years	229,731	223,420
More than five years	46,312	35,377
	399,366	**380,754**

In the Netherlands, virtually all leases are concluded for a period of five years, the tenant having one or more options to extend the lease by five years. Annual rent increases are based on the cost-of-living index.

In France, leases are normally concluded for a period of nine or twelve years, the tenant having the option of renewing the lease every three years. Annual rent increases are based on the cost-of-construction index or on a combination of the cost-of-construction index, the cost-of-living index and retail prices.
In Spain, normally virtually all leases are concluded for a minimum period of five years. However, in the current uncertain economic climate leases are sometimes being concluded for a shorter period. Annual rent increases are based on the cost-of-living index.
In Belgium, leases are normally concluded for a period of nine years, with termination options after three and six years. Annual rent increases are based on the cost-of-living index.
In Turkey, leases are generally concluded for a period of five years. All leases concluded by Vastned in Turkey are denominated in euros and are increased on the basis of specific agreements.
In Portugal there are two kinds of lease legislation. Under the old legislation, leases are concluded for an indefinite period and may only be terminated by the tenant. The new legislation is comparable to that in Spain.

26 EVENTS AFTER THE BALANCE SHEET DATE

A long-term bond loan for a total amount of € 50.0 million was placed in January 2012. The loan was placed with the Pricoa Capital Group, an American institutional investor, in two equal segments of € 25.0 million each with terms of 7 and 8 years, respectively, and at a fixed coupon rate of 4.88% and 5.06% respectively.

In January 2012, Vastned Retail sold several property portfolios with a total of 21 retail properties in the Netherlands for an amount of approximately € 23,0 million. Approximately half of the properties was transferred to the buyers in January. The remaining portion is expected to be transferred to the buyers at the end of the second quarter of 2012. The annual gross rental income of this portfolio is approximately € 1.8 million per year. The gross proceeds of the sale are slightly above book value.

27 RELATED PARTIES TRANSACTIONS

The following are designated related parties: controlling shareholders, subsidiaries, supervisory board members and members of the Board of Management.

To the company's best knowledge, no property transactions were effected during the year under review involving persons or institutions that might be regarded as related parties.

INTERESTS OF MAJOR INVESTORS

As at year-end 2011, the AFM had received the following reports of shareholders with an interest in the Company exceeding five per cent:

Commonwealth Bank of Australia	5,79%
Société Fédérale de Participations et d'Investissements (SFPI)	5,26%
Stichting Pensioenfonds ABP	5,15%

SUBSIDIARIES

Please refer to '28 Subsidiaries' and the chapter 'Management and Corporate Governance' included elsewhere in this annual report for an overview of the major subsidiaries.

Transactions as well as internal balances and income and expenditure between the Company and its subsidiaries are eliminated in the consolidation and are not commented upon.

The subsidiary Vastned Management B.V. had a cost allocation agreement with Vastned Retail and VastNed Offices/Industrial. Costs relating directly to the Company or the investment properties of the Company or its subsidiaries were recognised directly there. Other costs that could not be allocated directly were borne by Vastned Management and were charged on to Vastned Retail and VastNed Offices/Industrial in line with the actual work done without any mark-up for profit.
Due to the implementation of the merger between VastNed Offices/Industrial and NSI N.V. on 14 October 2011, the partnership agreement between Vastned Retail, VastNed Offices/Industrial and

Vastned Management was terminated on this date. Vastned Management received an amount of € 2.3 million from VastNed Offices/Industrial as compensation.
As of the merger date, Vastned Retail acquired the shares in Vastned Management not yet held by Vastned Retail. The acquisition involved an amount of € 0.4 million.

Until year-end 2011, Vastned Management leased its office at the K.P. van der Mandelelaan 43 A in Rotterdam from VastNed Offices/Industrial. Vastned Retail's share in the lease of this office until 14 October 2011, the date on which the merger between VastNed Offices/Industrial and NSI N.V. took place, was € 0.1 million (2010: € 0.2 million).

Pursuant to the partnership agreement, Vastned Management in 2011 invoiced VastNed Offices/ Industrial for an amount of € 2.9 million (2010: € 3.6 million) covering the period up to 14 October 2011. In relation to the settlement of the merger between VastNed Offices/Industrial and NSI N.V., Vastned Management invoiced NSI N.V. for an amount of € 0.3 million covering the period from 14 October 2011 up to and including 31 December 2011.

SUPERVISORY BOARD MEMBERS AND MEMBERS OF THE BOARD OF MANAGEMENT

During the 2011 financial year none of the members of the Supervisory Board and the Board of Management of Vastned Retail had a personal interest in the investments of the company.

REMUNERATION OF THE SUPERVISORY BOARD AND SHAREHOLDING

	Remuneration 2011	Shares held at year-end 2011	Remuneration 2010	Shares held at year-end 2010
W.J. Kolff	30	–	30	–
N.J. Westdijk	27	–	27	–
J.B.J.M. Hunfeld	25	–	25	–
P.M. Verboom	25	–	25	–
	107	–	107	–

In 2011, Mr Westdijk, in addition to the abovementioned regular remuneration, received an amount of € 12,000 for his work relating to the termination of the management partnership with VastNed Offices/Industrial.

2011

	Salaries (including social security charges)	Bonus for 2010 paid in 2011	Pension premiums	Severance payment	Total	Shares held at year-end 2011
T.T.J. de Groot	318	–	43	–	361	19,375
T.M. de Witte	273	8	50	–	331	3,255
R.A. van Gerrevink (up to and including 31 December 2011)	470	9	73	796	1,348	2,405
	1,061	17	166	796	2,040	25,035
of which allocated to VastNed Offices/Industrial N.V.	(458)	(13)	(71)	–	(542)	
	603	**4**	**95**	**796**	**1,498**	

2010

	Salaries (including social security charges)	Bonus for 2009 paid in 2010	Pension premiums	Severance payment	Total	Shares held at year-end 2010
T.T.J. de Groot (as of 1 September 2010)	102	–	14	–	116	1,000
T.M. de Witte	262	13	32	–	307	1,467
R.A. van Gerrevink	470	25	62	–	557	2,405
	834	38	108	–	980	4,872
of which allocated to VastNed Offices/Industrial N.V.	(384)	–	(50)	–	(434)	
	450	**38**	**58**	**-**	**546**	

The severance payment consists of a severance payment of € 0.7 million and the settlement of the pension plan in the amount of € 0.1 million. Mr Gerrevink will receive this payment in 2012.

Mr De Groot acquired 19,375 Vastned Retail shares at his own expense. Mr De Witte acquired 1,390 VastNed Retail shares at his own expense. He acquired the remaining shares in respect of the bonuses related to the investment results for 2006 and 2007 (definitive bonus) and 2009 (conditional bonus). In previous years, Mr Van Gerrevink acquired 271 Vastned Retail shares at his own expense. The remainder concerns shares granted in respect of the bonuses related to the investment results for 2006 and 2007 (definitive) and 2009 (conditional).
Vastned Retail has not provided any guarantees with regard to these shares.

No option rights have been granted to the statutory directors nor to the Supervisory Board members. Moreover, no loans or advances have been made to them or guarantees have been provided on their behalf.

For further details of the remuneration, please refer to the chapter 'Remuneration Report 2011' included elsewhere in this annual report.

28 SUBSIDIARIES

The most important subsidiaries are:

	Established in	Interest and voting rights in %
Vastned Retail Nederland B.V.	Netherlands	100
– C.V. Winkelcentrum Het Rond	Netherlands	50
– Het Rond Houten B.V.	Netherlands	50
Vastned Retail Monumenten B.V.	Netherlands	100
Vastned Management B.V.	Netherlands	100
Vastned Retail International Holdings B.V.	Netherlands	100
– Hispania Retail Properties S.L.	Spain	100
– – Vastned Management España S.L.	Spain	100
– – Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş.	Turkey	100
– Vastned Lusitania Investimentos Imobiliarios S.A.	Portugal	100
Vastned France Holding S.A.R.L.	France	100
– S.C.I. Centre Marine Dunkerque	France	100
– Icopro S.A.R.L.	France	100
– Jeancy S.A.R.L.	France	100
– Lenepveu S.A.R.L.	France	100
– S.C.I. Limoges Corgnac	France	100
– Palocaux S.A.R.L.	France	100
– – S.A.R.L. AB Rénovation	France	100
– Parivolis S.A.R.L.	France	100
– Plaisimmo S.A.R.L.	France	100
– Val Thoiry S.A.R.L.	France	100
Immocité S.A.R.L.	France	100
Vastned Management France S.A.R.L.	France	100
Intervest Retail NV	Belgium	72
– – EuroInvest Retail Properties NV	Belgium	72

29 ACCOUNTING ESTIMATES AND JUDGEMENTS

In consultation with the audit committee, the Board of Management has applied the following essential estimates and judgements that have a material effect on the amounts included in the annual accounts.

SOURCES OF ESTIMATE UNCERTAINTIES

Assumptions concerning pending legal proceedings

The most important pending legal proceedings are set out under '24 Rights and obligations not recorded in the balance sheet'. If the outcome of these legal proceedings should differ from what is presented there, this might have a negative impact on the investment result.

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Assumptions concerning investment properties in operation

As described in '2 Significant principles for financial reporting', all investment properties in operation and under renovation are valued at least once a year by independent certified appraisers. These appraisals are based on assumptions including the estimated rental value of the investment properties in operation and under renovation, net rental income, future capital expenditure and the net market yield of the investment properties. As a result the values of the investment properties in operation and under renovation are subject to a certain degree of uncertainty. The actual outcome may therefore differ from the assumptions, and this can have a positive or negative effect on the value of the investment properties in operation and under renovation and as a consequence on the investment result.

Assumptions concerning investment properties in pipeline

The investment properties in pipeline are valued internally as well as externally. The appraisals are based on assumptions such as the estimated rental value of the investment properties in pipeline, future capital expenditure and the net market yield for the properties. As a result the values of the investment properties in pipeline are subject to a certain degree of uncertainty. The actual outcome may therefore differ from the assumptions, and this can have a positive or negative effect on the value of the investment properties in pipeline and as a consequence on the investment result.

Business combinations

The Group acquires property investments either directly or through means of the acquisition of subsidiaries that own property investments. In the event that the Group acquires property investments through means of the acquisition of subsidiaries, the Group at the time of the acquisition determines whether the acquisition constitutes the acquisition of a business. The Group recognises the acquisition as a business combination if, in addition to the property investments, the acquisition also includes other key processes. An assessment is made concerning the degree to which key processes are acquired and in particular concerning the scope of the ancillary services delivered by the subsidiary, such as administration, cleaning and the like. The importance of a process is assessed on the basis of the IAS 40 guidelines concerning ancillary services.

In the event that the acquisition is not recognised as the acquisition of a business, it is recognised as the acquisition of a group of assets and liabilities. The acquisition costs in that case are allocated to the assets and liabilities on the basis of their relative fair value. In that case no goodwill is recorded.

Assumptions concerning pensions

The Board of Management has made a number of assumptions concerning the calculation of the provision for pension obligations. These assumptions involve inter alia assumptions about the future return to be realised on investments and about future salary rises. If the realisation should prove to deviate materially, an actuarial result might ensue involving the risk that this actuarial result might fall outside the 'corridor' and would have to be included in the investment result for 2012.

Deferred tax liabilities

If it is possible to realise the disposal of a property through the disposal of shares in a company (subject to the usual tax rules) which has ownership of the investment properties in question, no income tax is payable on the disposal. The transfer of the deferred tax liability to the purchaser will in that case normally take place through a reduction in the sale price of the shares, whereby (generally) a deferred tax liability of 50% of the nominal tax rate is taken into account. The Board of Management of Vastned Retail is of the opinion that in these cases the deferred tax liabilities should be valued at 50% of the nominal tax rate. The Board of Management of Vastned Retail has applied this valuation method to the deferred tax assets and liabilities in respect of the Turkish and Portuguese investment properties. If these deferred tax assets and liabilities were valued at 100% of the nominal tax rate, the effect on equity as at 31 December 2011 would be a negative amount of € 3.0 million.

Deferred tax liabilities in Spain

The nominal tax rate in Spain is 30%. However, if a capital gain realised from a disposal is reinvested in Spain within three years, income tax paid is refunded to the value of 12% of the capital gain realised from the sale. The effective tax rate then amounts to 18%. The Board of Management of Vastned Retail is of the opinion that this effective tax rate should be applied when determining the deferred tax liability. If these deferred tax liabilities were valued at the nominal 30% tax rate, there would be a negative effect on equity of € 18.8 million as per 31 December 2011.

30 TOTAL EXPENSE RATIO

The total expense ratio for 2011 was 2.28% (2010: 2.15%).

The total expense ratio is calculated by dividing the total costs for the reporting period by the average equity of Vastned Retail shareholders. The total costs include ground rents paid, net service charge expenses, operating expenses, general expenses and income tax expense.

These costs are adjusted to allow for the share of these costs attributable to non-controlling interests.

31 APPROVAL OF THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts have been drawn up by the Board of Management and authorised for publication by the Supervisory Board on 8 March 2012.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

	2011	2010
ASSETS		
Investment properties in operation	15,201	13,831
Accrued assets in respect of lease incentives	22	20
Total investment properties	15,223	13,851
Participations in group companies	1,321,670	1,224,295
Financial derivatives	1,528	639
Total fixed assets	**1,338,421**	**1,238,785**
Group companies	91,951	170,705
Debtors and other receivables	345	425
Cash and cash equivalents	12,098	184
Total current assets	**104,394**	**171,314**
Total assets	**1,442,815**	**1,410,099**
EQUITY AND LIABILITIES		
Paid-up and called capital	93,106	92,476
Share premium reserve	470,705	471,370
Hedging reserve in respect of financial derivatives	(39,765)	(31,649)
Translation reserve	(2,029)	(780)
Revaluation reserve	540,091	494,131
Other reserves	(157,812)	(149,154)
Investment result attributable to Vastned Retail shareholders	96,097	99,176
Equity Vastned Retail shareholders	**1,000,393**	**975,570**
Long-term interest-bearing loans	303,848	238,674
Financial derivatives	13,027	9,551
Guarantee deposits	206	198
Total long-term liabilities	**317,081**	**248,423**
Payable to banks	122,100	182,880
Income tax	3	77
Other liabilities and accruals	3,238	3,149
Total short-term liabilities	**125,341**	**186,106**
Total equity and liabilities	**1,442,815**	**1,410,099**

COMPANY PROFIT AND LOSS ACCOUNT

(x € 1,000)

	2011	2010
Company result	906	2,878
Result from participations in group companies	95,191	96,298
Investment result	**96,097**	**99,176**

NOTES TO THE COMPANY ANNUAL ACCOUNTS

GENERAL

The company profit and loss account has been shown in abbreviated form pursuant to 2:402 of the Netherlands Civil Code.
The company annual accounts are part of the 2011 annual accounts, which also include the consolidated annual accounts.
The Company has availed itself of the provisions of 2:379 sub 5 of the Netherlands Civil Code. The list as referred to in this Article has been filed with the offices of the Commercial Register in Rotterdam.
The Company has issued certificates of guarantee for a number of group companies in accordance with 2:403 of the Netherlands Civil Code.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

The company annual accounts have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code.
In the preparation of the company annual accounts, the provisions of 2:362 sub 8 of the Netherlands Civil Code have been used.
The valuation principles for assets and liabilities and the method of determining the result are identical to those used in the consolidated annual accounts. Reference is therefore made to the notes to those accounts.
The participations in group companies have been stated at net asset value.

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

The Company heads a group tax entity for the purposes of Dutch corporate income tax and a group tax entity for the purposes of value added tax and is consequently jointly and severally liable for the tax liabilities of the group tax entities as a whole.

INVESTMENT PROPERTIES IN OPERATION

	2011	2010
Balance as at 1 January	13.831	13,520
Value movements	1,370	311
Balance as at 31 December	15,201	13,831
Accrued assets in respect of lease incentives	22	20
Appraisal value as at 31 December	**15,223**	**13,851**

PARTICIPATIONS IN GROUP COMPANIES

	2011	2010
Balance as at 1 January	1,224,295	1,137,262
Acquisitions and capital contributions	16,739	-
Share in investment result	95,191	96,298
Share in other comprehensive income	(5,148)	(505)
Payments received	(8,989)	(8,773)
Disposals	(3)	-
Other movements	(415)	13
Balance as at 31 December	**1,321,670**	**1,224,295**

As at 31 December 2011, Vastned Retail together with its subsidiaries held 3,675,960 Intervest Retail shares (31 December 2010: 3,675,960 shares). The net asset value per share on 31 December 2011 was € 39.43 (31 December 2010: € 35.32 per share).
The share price of Intervest Retail shares on 31 December 2011 was € 44.98 (31 December 2010: € 43.00 per share).

	Paid-up and called capital	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Revaluation reserve	Other reserves	Investment result attributable to Vastned Retail shareholders	Equity Vastned Retail shareholders
Balance as at 1 January 2010	91,326	472,554	(31,083)	(103)	481,265	(13,443)	(61,383)	939,133
Investment result	–	–	–	–	–	–	99,176	99,176
Value movements financial derivatives	–	–	(566)	–	–	–	–	(566)
Translation differences on net investments	–	–	–	(677)	–	–	–	(677)
Stock dividend	1,150	(1,150)	–	–	–	–	–	–
Costs of stock dividend	–	(34)	–	–	–	–	–	(34)
Final dividend for previous financial year in cash	–	–	–	–	–	–	(41,117)	(41,117)
2010 interim dividend in cash	–	–	–	–	–	(20,345)	–	(20,345)
Contribution from profit appropriation	–	–	–	–	–	(102,500)	102,500	–
Allocation to revaluation reserve	–	–	–	–	12,866	(12,866)	–	–
Balance as at 31 December 2010	92,476	471,370	(31,649)	(780)	494,131	(149,154)	99,176	975,570
Investment result	–	–	–	–	–	–	96,097	96,097
Value movements financial derivatives	–	–	(8,116)	–	–	–	–	(8,116)
Translation differences on net investments	–	–	–	(1,249)	–	–	–	(1,249)
Stock dividend	630	(630)	–	–	–	–	–	–
Costs of stock dividend	–	(35)	–	–	–	–	–	(35)
Final dividend for previous financial year in cash	–	–	–	–	–	–	(41,577)	(41,577)
2011 Interim dividend in cash	–	–	–	–	–	(20,297)	–	(20,297)
Contribution from profit appropriation	–	–	–	–	–	57,599	(57,599)	–
Allocation to revaluation reserve	–	–	–	–	45,960	(45,960)	–	–
Balance as at 31 December 2011	**93,106**	**470,705**	**(39,765)**	**(2,029)**	**540,091**	**(157,812)**	**96,097**	**1,000,393**

The authorized share capital is € 375.0 million and is divided into 75,000,000 shares at € 5 par value.

The legal reserves comprise the Hedging reserve in respect of financial derivatives, the Translation reserve and the Revaluation reserve.

APPROVAL OF THE COMPANY ANNUAL ACCOUNTS

The company annual accounts have been drawn up by the Board of Management and authorised for publication by the Supervisory Board on 8 March 2012.

OTHER INFORMATION

PROFIT DISTRIBUTION

In accordance with the Company's articles of association, the profit is placed at the disposal of the General Meeting of Shareholders. The Company may only make distributions to shareholders insofar as Vastned Retail shareholders' equity exceeds the sum of the paid-up and called capital augmented by the reserves required to be maintained by law.
In order to retain its fiscal status as an investment institution, the Company must distribute the taxable profit, after making permitted reservations, within eight months of the end of the year under review.

PROFIT APPROPRIATION

The Board of Management proposes to distribute the investment result as follows (x € 1,000):

Investment result attributable to Vastned Retail shareholders	96,097
To be added to the reserves	(29,133)
Available for dividend payment	66,964
Distributed earlier as interim dividend	(20,297)
Available for final dividend payment	**46,667**

The Board of Management proposes the following final dividend per share for the 2011 financial year:
- an optional dividend on the shares of:
  - € 2.52 in cash, or
  - a percentage in the form of shares (still to be determined), depending on the share price, charged to the share premium reserve that will constitute an approximate value of € 2.52,

and to add the remainder of the distributable profit to the other reserves. Shareholders opting for distribution in shares must ensure that this is effected prior to 19 May 2012. As from this date, they can only claim the cash dividend within the parameters as laid down in the articles of association.

In order to comply with the conditions for a fiscal investment institution, a minimum of € 23.6 million in cash (approximately € 1.27 per share) must be disbursed. If the number of shareholders exercising the stock dividend option is such that this amount is not achieved, the stock dividend allocation will be adjusted on a pro-rated basis so that at least € 23.6 million in cash will be disbursed.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Vastned Retail N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2011 of Vastned Retail N.V., Rotterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated statements of comprehensive income, the consolidated movements in equity and the consolidated cashflow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2011 the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the board of management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2011 and of its result and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

OPINION WITH RESPECT TO THE COMPANY FINANCIAL STATEMENTS

In our opinion, the company financial statements give a true and fair view of the financial position of Vastned Retail N.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the board of management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the board of management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, 19 March 2012
Deloitte Accountants B.V.

Signed by
H.H.H. Wieleman

MANAGEMENT AND CORPORATE GOVERNANCE

INTRODUCTION

The corporate governance policy of Vastned Retail N.V. ('Vastned, Vastned Retail or the Company') was extensively addressed during 2011, which has led to a number of important changes in that area. Good corporate governance is of major importance for assuring, for example, sustainable revenues, transparency, balanced decision-making on the part of management and clear rules on how the Company should be governed. It forms the basis of trust between the Company and its shareholders. In relation to transparency, this chapter provides information about the organisation, the legal structure of Vastned and its subsidiaries, and the management of the Company. Vastned's corporate governance structure is also described and the latest changes are explained.

CHANGES TO THE CORPORATE GOVERNANCE STRUCTURE

A number of changes were made to the corporate governance structure in 2011. The partnership with VastNed Offices/Industrial was terminated. In this context, the number of statutory directors of Vastned Management B.V. ('Vastned Management') was reduced from three to two private individuals, Mr Taco de Groot and Mr Tom de Witte, who were also appointed as statutory directors of Vastned Retail by the Extraordinary General Meeting of Shareholders.

A resolution was furthermore adopted in the same General Meeting of Shareholders to abolish the Stichting Prioriteit Vastned Retail ('Prioriteit') structure. The Prioriteit held 10 priority shares with special powers. These powers have been transferred to the Board of Management and the Supervisory Board in accordance with the proposed amendment of the articles of association which was adopted by the Extraordinary General Meeting of Shareholders. The Stichting Prioriteit Vastned Retail was also dissolved in this context and a resolution was adopted to withdraw the 10 priority shares.

VASTNED ORGANISATION STRUCTURE

Vastned is a public limited liability company founded under Dutch law, vested in Rotterdam and is listed on the NYSE Euronext Amsterdam. The Board of Management is in the hands of Taco de Groot, Tom de Witte and Vastned Management (the 'Board of Management'). The above referenced private individuals are also statutory directors of Vastned Management.

Vastned has the status of an investment company with variable capital pursuant to Book 2, Article 76(a) of the Dutch Civil Code. An investment company with variable capital is a public limited company founded under Dutch law:

- the only aim of which is to invest its capital in such a way that the risks are spread, in order to let its shareholders share in the profits;
- the Board of Management of which has the authority under the articles of association to issue, acquire and dispose of shares in its capital (share issues and share repurchase programmes);
- for which a manager has been granted a license as referred to in the Dutch Act on Financial Supervision for the placement of its shares; and
- the articles of association of which stipulate that the company is an investment company with variable capital.

VASTNED AND SUBSIDIARIES

The legal structure of Vastned and its major subsidiaries is presented below:

Vastned Retail N.V.

Vastned Retail N.V. is a listed company that with the exception of five French high street shops, acts as a national and international holding and finance company. Vastned Retail has the status of a fiscal investment institution in the Netherlands and is subject to the so-called SIIC regime in France.

Vastned Management B.V.

Vastned Management B.V. is the one of the statutory Directors of Vastned Retail N.V. Vastned Management has two Statutory Directors, Taco de Groot and Tom de Witte. Vastned Management has a licence within the meaning of Section 65 of Chapter 2, under 1, subsection a of the Dutch Act on Financial Supervision. This licence authorises Vastned Management B.V. to carry out the management of Vastned Retail N.V.

Vastned Retail Nederland

Vastned Retail Nederland is a company holding 319 of the 321 properties in the Netherlands and a share in the limited partnership Winkelcentrum Het Rond. Vastned Retail Nederland B.V. also has the status of a fiscal investment institution and is part of the Dutch fiscal unity Vastned Retail.

C.V. Winkelcentrum Het Rond

Shopping centre Het Rond limited partnership holds Vastned Retail Nederland B.V.'s stake in the Het Rond shopping centre in Houten's city centre in the Netherlands. Vastned Retail Nederland B.V. is a limited partner with a 49.5% interest in the financial results of this limited partnership. Due to the transparent fiscal structure of this limited partnership, the financial results from this interest directly accrue to Vastned Retail Nederland B.V. and are thus subject to the regime of the fiscal investment institution.

Het Rond Houten B.V.

Het Rond Houten B.V., a 50% subsidiary of Vastned Retail Nederland B.V., acts as managing partner of the Winkelcentrum Het Rond limited partnership. This company is entitled to 1% of the financial results of the limited partnership. Vastned Management is one of the two directors of Het Rond Houten B.V. and carries out the day-to-day property management. Vastned Retail consolidates this subsidiary and the limited partnership fully in its financial reporting and recognises the minority interest under shareholders' equity.

Vastned Retail Monumenten B.V.

Vastned Retail Monumenten B.V. holds a single property (Rembrandtplein 7, Amsterdam), which is listed as a historic building. This company also has the status of a fiscal investment institution and is part of the fiscal unity Vastned Retail.

Permanent French establishment

The French property investments are held directly or indirectly by Vastned Retail N.V.'s permanent French establishment. The major part of the property investments is held by a number of local subsidiaries. Vastned Retail N.V. and the French subsidiaries are, with the exception of one entity, subject to the so-called SIIC regime. Under this French tax regime, Vastned Retail and its French subsidiaries are exempt from tax on profits both on its French property investments-related operating income and on the capital gains realised in this respect.

VastNed France Holding SARL

VastNed France Holding SARL is the holding company for the French property companies and is subject to the SIIC regime.

Vastned Management France SARL

Vastned Management France SARL is responsible for the property and asset management of the French property portfolio.

Palocaux SARL

Palocaux SARL is the French property company that holds most of the French high street shops. Palocaux is subject to the SIIC regime.

Icopro SARL

Icopro SARL holds the larger French retail warehouses. Icopro SARL is subject to the SIIC regime.

Centre Marine Dunkerque SARL, Val Thoiry SARL, Plaisimmo SARL, Limoges Corgnac SARL, Jeancy SARL, Lenepveu SARL and Parivolis SARL

Centre Marine Dunkerque SARL, Val Thoiry SARL, Plaisimmo SARL, Limoges Corgnac SARL, Jeancy SARL, Lenepveu SARL and Parivolis SARL are the companies that hold Vastned's investments in Dunkirk, Thoiry, Plaisir, Limoges (Limoges Corgnac shopping centre), Nancy, Angers (Rue Lenepveu) and Paris (Rue de Rivoli) respectively. All these companies are subject to the SIIC regime.

Vastned Retail International Holdings B.V.

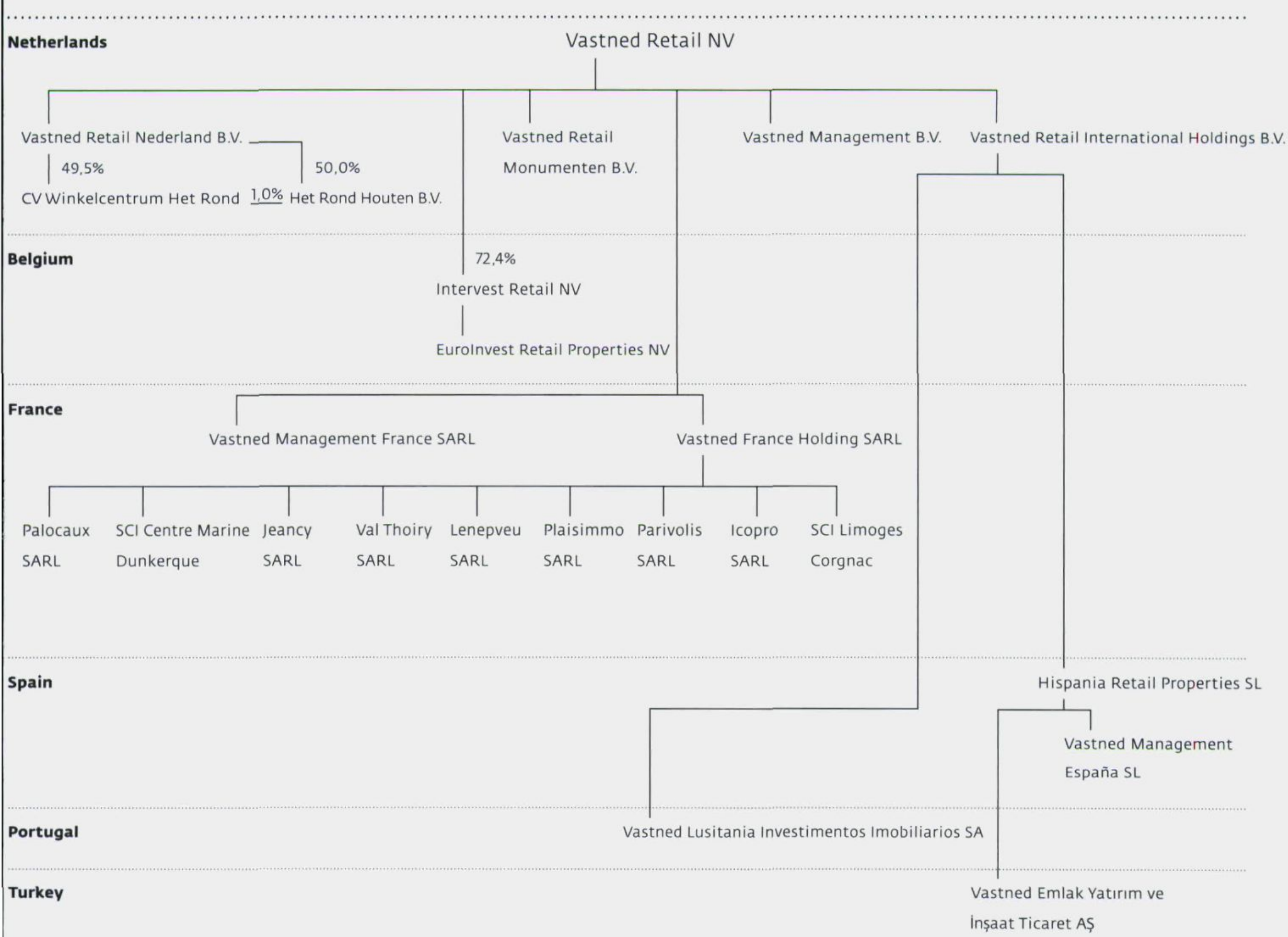
Vastned Retail International Holdings B.V. is the holding company for the Spanish, Turkish and Portuguese property investments of Vastned Retail. The properties themselves are held by local companies. The company is not a fiscal investment institution and is subject to taxation according to the usual rules in the Netherlands. Since its operations are limited to holding participations, any income will generally qualify for the participation exemption so that this company is effectively not liable for tax.

Hispania Retail Properties S.L.

The Spanish property investments are held by Hispania Retail Properties S.L., a wholly-owned subsidiary of Vastned Retail International Holdings B.V. This company also acts as a holding company for VastNed Emlak Yatırım ve İnşaat Ticaret A.Ş.

Vastned Management España S.L.

The property and asset management of the Spanish and Portuguese property portfolios is carried out by Vastned Management España S.L., a wholly-owned Spanish subsidiary of Hispania Retail Properties S.L. VastNed Management España S.L. also carries out part of the asset management of the Turkish property portfolio.



Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş.

The Turkish property investments are held and managed by Vastned Emlak Yatırım ve İnşaat Ticaret A.Ş., a Turkish subsidiary of Hispania Retail Properties.

VastNed Lusitania Investimentos Imobiliarios S.A.

The Portuguese property investments are held by Vastned Lusitania Investimentos Imobiliarios S.A., a wholly-owned Portuguese subsidiary of Vastned Retail International Holdings B.V.

Intervest Retail NV

As at 31 December 2011, Vastned Retail had a 72.4% interest in the Bevak Intervest Retail NV, which is listed on NYSE Euronext Brussels. A Belgian Bevak essentially has a tax-exempt status and as such is comparable to, for example, a Dutch fiscal investment institution. Vastned Retail consolidates this subsidiary fully and recognises the minority interest under equity. Intervest Retail carries out its own asset and property management. The employees have employment contracts with Intervest Retail NV without there being a shared management company acting as intermediary. Some directors and members of the Board of Management of Intervest Retail NV carry out their work through the intermediary of their own company.

MANAGEMENT OF THE COMPANY

The Board of Management, together with the other members of the management team, is in charge of day-to-day management. Its responsibilities include the realisation of the Company's targets, the strategy and associated risk profile, developments in the results and aspects of corporate social responsibility relevant to the Company. The Board of Management carries out its tasks within a framework set together with the Supervisory Board and submits the operational and financial targets, the strategy and the boundary conditions to be observed to the Supervisory Board for approval. The Board of Management supplies all of the information required by the Supervisory Board for performing its tasks on time.

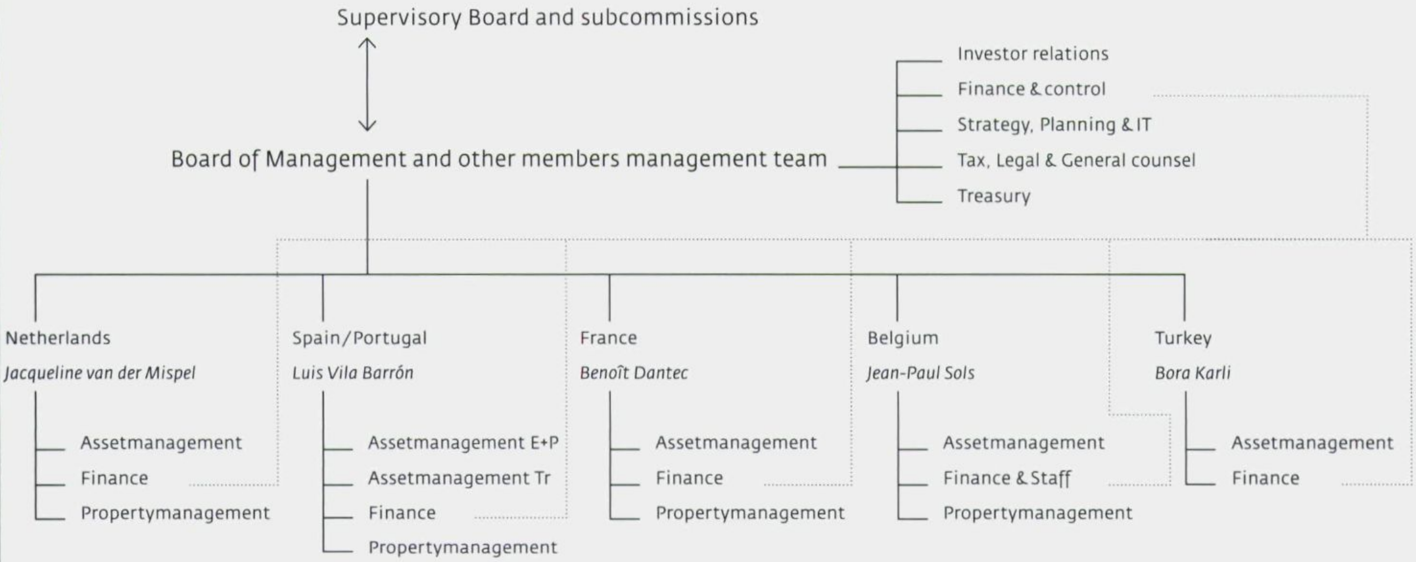
Vastned Retail's articles of association stipulate that the number of directors should be fixed by the Supervisory Board. The Board of Management together with the Director Investor Relations and the General Counsel make up the management team. The management team generally meets every fortnight.

The Board of Management is appointed by the General Meeting of Shareholders pursuant to a binding nomination. The General Meeting of Shareholders can always remove the binding nature of a binding nomination if a resolution to that effect is passed by an absolute majority of the votes cast representing at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but there was a vote with an absolute majority voting in favour of the resolution to remove the binding nature of the nomination, a new meeting is called in which the resolution can be adopted irrespective of the proportion of capital represented at this meeting.
The Director(s) can be suspended or dismissed at any time by a resolution adopted by the General Meeting of Shareholders by an absolute majority of the votes, provided that the proposal for suspension or dismissal was submitted by the Supervisory Board. If such a proposal is lacking, the General Meeting of Shareholders can only adopt such a resolution with an absolute majority of the votes cast representing at least one third of the issued capital. A Director can also be suspended by a resolution of the Supervisory Board.

COMPOSITION OF THE BOARD OF MANAGEMENT

- Taco T.J. de Groot, CEO
- Tom M. de Witte, CFO
- Arnaud G.H. du Pont, Director Investor Relations
- M. C. (Marc) Magrijn, General councel/Tax manager

Curricula Vitae of the members of the Board of Management and other management team members can be found in chapter report of the Board of Management on page 22.



The Directors and other members of the management team have reported all other positions of any significance held by them. None of them are members of the Supervisory Board of another listed company. Acceptance of such a position would require approval from this company's Supervisory Board.

REMUNERATION OF THE MEMBERS OF STATUTORY DIRECTORS

Please refer to the separate remuneration report elsewhere in this annual report.

SHARE OWNERSHIP OF THE MEMBERS OF THE BOARD OF MANAGEMENT

Summary of the shares held by the Board of Management under the articles of association

	T.T.J. de Groot	T.M. de Witte
Number of shares as at 1 January 2011	1,000	1,467
Movements	18,375	1,788
Number of shares as at 31 December 2011	**19,375**	**3,255**

In a prior year, 798 of the shares held by Mr Tom de Witte were granted conditionally. Vastned Retail has not provided any guarantees with regard to the shares held by the Board of Management. The above share ownership was reported to the Netherlands Authority for the Financial Markets at the time of acquisition (purchases and conditional awards) and can be viewed at *www.afm.nl*. Vastned has drawn up regulations as referred to in Section 65 of Chapter 5 of the Dutch Act on Financial Supervision. These regulations determine the periods during which members of the Supervisory Board, members of the Board of Management and employees of Vastned and its subsidiaries may trade in Vastned shares (the open periods). The periods preceding the publication of financial reports are closed periods, during which trading is not permitted. The full text can be inspected on *www.vastned.com*.

COUNTRY TEAMS

The Netherlands

In addition to the Board of Management, which is in charge of the central management and coordination of the various country portfolios from its base in the Netherlands, there is a Dutch team of 14 property specialists headed by Ms Jacqueline van der Mispel. Its activities are carried out from the Rotterdam head office.

France

The French organisation, Vastned Management France SARL, which is located in Paris, is headed by Mr Benoît Dantec. Vastned Management France SARL has 22 employees in total. They are responsible for asset and property management of the property portfolio, and administration. Only a limited part of the property management is outsourced to third parties.

Spain and Portugal

The Spanish organisation, Vastned Management España S.L., vested in Madrid, is headed by Mr Luis Vila Barrón. Vastned Management España has 13 employees in total and carries out activities in the areas of asset and property management, and administration. The operations in Turkey and Portugal are also directed from this location. A local office has not been set up in view of the nature and size of the Portuguese operations.

Belgium

The Belgian activities are handled by Intervest Retail N.V. in Antwerp. The day-to-day management is in the hands of the executive committee, consisting of Mr Jean-Paul Sols (CEO), Ms Inge Tas (CFO) and Mr Rudi Taelemans (COO).

The Belgian team of property specialists consists of 3 employees. Mr Taco de Groot and Mr Tom de Witte represent Vastned on the Board of Management of Intervest Retail. On 31 December 2011 this board consisted of Mr Taco de Groot and Mr Tom de Witte, representing Vastned, Mr Hubert Roovers, a former employee of Vastned, and a number of independent members, namely: Mr Jean-Pierre Blumberg (chairman), Mr Nick van Ommen and Mr Chris Peeters.

Turkey

Asset management in Turkey is carried out by Mr Bora Karli with the assistance of 2 employees at the local office in Istanbul. The Spanish country manager, Mr Luis Vila Barrón, is closely involved in the Turkish operations. Mr Luis Vila Barrón and the members of the Board of Management of Vastned Retail make up the Board of Management of the Turkish legal entity together with Mr Bora Karli.

SUPERVISORY BOARD

Vastned Retail has a Supervisory Board in addition to its Board of Management. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. If one or more members of the Supervisory Board are to be appointed, the Supervisory Board will make a binding nomination. The General Meeting of Shareholders can always remove the binding nature of a binding nomination if a resolution to that effect is passed by an absolute majority of the votes cast representing at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but there was a vote with an absolute majority voting in favour of the resolution to remove the binding nature of the nomination, a new meeting is called in which the resolution can be adopted irrespective of the proportion of capital represented at this meeting.

Supervisory Board members step down at the latest in the fourth financial year following the financial year in which they were appointed. A Supervisory Board member who is stepping down can be reappointed forthwith, with the proviso that members can only serve on the Supervisory Board for a maximum of three four-year terms.

A Supervisory Board member can be suspended or dismissed at any time by a resolution adopted by the General Meeting of Shareholders by an absolute majority of the votes, provided that the proposal for suspension or dismissal was made by the Supervisory Board. If such a proposal is lacking, the General Meeting of Shareholders can only adopt such a resolution with an absolute majority of the votes cast representing at least one third of the issued capital.

COMPOSITION OF THE SUPERVISORY BOARD

- Wouter J. Kolff, chairman
- N.J. (Klaas) Westdijk, vice-chairman
- Pieter M. Verboom
- Jeroen B.J.M. Hunfeld

Curricula vitae of the members of the Supervisory Board can be found under chapter report of the supervisory board

RETIREMENT SCHEDULE

Mr Pieter M. Verboom, 2012 (end of second term; eligible for re-election)
Mr N.J. (Klaas) Westdijk, 2012 (end of last term; not eligible for re-election)
Mr Wouter J. Kolff, 2014 (end of second term; eligible for re-election)
Mr Jeroen B.J.M. Hunfeld, 2015 (end of second term; eligible for re-election)

TASKS OF THE SUPERVISORY BOARD

The Supervisory Board supervises the day-to-day policy of the Board of Management and assists the Board of Management with advice. In carrying out its tasks, the Supervisory Board considers the interests of Vastned Retail and its associated companies, in doing so weighing up the relevant interests of all Vastned Retail stakeholders (including the shareholders). The Supervisory Board is itself responsible for the quality of its performance. Vastned Retail provides the Supervisory Board with the necessary resources for the execution of its tasks. Members of the Supervisory Board will resign before the end of their term if they show inadequate performance or in the event of structural incompatibility of interests or similar problems. The tasks and areas of focus of the Supervisory Board include:

- supervision of and monitoring, and advising the Board of Management;
  - the achievement of the Company's targets;
  - the strategy and the risks associated with the business operations;
  - the setup and operation of the internal risk management and control systems;
  - the financial reporting process and compliance with legislation and regulations;
  - disclosure of, compliance with and enforcement of the corporate governance structure;
  - the relationship with shareholders; and
  - aspects of corporate social responsibility, where relevant for the Company;
- the financial statements including the autorization for publication of this;
- approving the annual budget;
- and major acquisitions and divestments by the Company;
- selecting and proposing the Company's external auditor;
- selecting the members of the Board of Management;
- proposing the remuneration policy governing the members of the Board of Management for adoption by the General Meeting of Shareholders, and determining the remuneration (with due observance of the aforementioned remuneration policy) and the contractual employment conditions of the members of the Board of Management;
- selecting the members of the Supervisory Board and proposing the remuneration of its members for adoption by the General Meeting of Shareholders;
- evaluating and appraising the performance of the Board of Management and the Supervisory Board as well as their individual members (including an assessment of the job profile for the Supervisory Board and the induction, education and training programme);
- dealing with and making decisions about reported potential conflicts of interest between Vastned Retail on the one hand and members of the Board of Management, the Supervisory Board and the external auditor on the other hand; and
- dealing with and making decisions about reports of alleged irregularities in the performance of members of the Board of Management.

Each year after the close of the financial year, the Supervisory Board will draw up and publish a report of the performance and activities of the Supervisory Board and its committees during the financial year in question. For a full list of the Supervisory Board's tasks, please see the regulations drawn up by the Supervisory Board. They can be found on the website *www.vastned.com*.

CHAIRMAN OF THE SUPERVISORY BOARD

The chairman of the Supervisory Board has a coordinating task. The chairman ensures compliance with the requirements of the best practice provisions detailed in III.4.1 of the Code. He is assisted in this by the General Counsel (Company Secretary). The chairman is neither a former member of the Board of Management nor an employee of Vastned Retail or any of its subsidiaries.

PROFILE OF THE SUPERVISORY BOARD

The profile of the Supervisory Board is included in the regulations of the Supervisory Board and may be inspected on *www.vastned.com*.

AUDIT COMMITTEE

Tasks

The audit committee is charged with supervising the financial affairs of Vastned Retail in the broadest sense of the word. Please refer to the regulations of the Audit Committee for an extensive overview of its tasks. These can be viewed at *www.vastned.com*.

Procedural tasks

Four times a year, the audit committee draws up a report of its deliberations and findings. The committee reports on the developments in the relationship with the external auditor at least once a year.
A thorough assessment is carried out of the external auditor's performance once every four years. The external auditor is sent the financial information on which the quarterly, mid-year and annual figures are based and given the opportunity to make comments. The audit committee is the first point of contact for the external auditor if any irregularities are encountered. The committee decides whether members of the Board of Management or the external auditor are to attend its meetings. The committee meets at least once a year with the external auditor in the absence of the members of the Board of Management.

Composition

The audit committee consists of two independent members, Mr Pieter Verboom and Mr Jeroen Hunfeld. Mr Pieter Verboom is the chairman and financial expert.

REMUNERATION COMMITTEE

Tasks

The remuneration committee is charged with advising the Supervisory Board on the remuneration policy in the broadest sense of the word. Please refer to the regulations of the Remuneration Committee for an extensive overview of its tasks. These can be viewed at *www.vastned.com*.
They include submitting a proposal to the Supervisory Board regarding the remuneration policy to be pursued for the members of the Board of Management, for adoption by the General Meeting of Shareholders.

Procedural tasks

In addition, the remuneration committee draws up the remuneration report for adoption by the Supervisory Board. The Supervisory Board's remuneration report is included in this annual report and placed on the Company's website. It contains the information stipulated in the Dutch Corporate Governance Code (the Code).

Composition

The remuneration committee comprises Mr Wouter Kolff and Mr Klaas Westdijk. Mr Klaas Westdijk is the chairman of the remuneration committee.

NOMINATION COMMITTEE

Tasks

The tasks of the nomination committee include drawing up selection and appointment criteria, periodically assessing the size and composition of the Supervisory Board and the Board of Management, as well as evaluating the performance of the members of the Supervisory Board and the Board of Management, supervising the Board of Management in the matter of senior management appointments and taking concrete decisions with regard to selection and appointments. Please refer to the regulations of the Nomination Committee for an extensive overview of its tasks. These can be viewed at *www.vastned.com*.

Composition

The remuneration committee comprises Mr Wouter Kolff and Mr Klaas Westdijk. Mr Klaas Kolff is the chairman of the nomination committee.

All members of the Supervisory Board receive reports of the meetings of the three committees.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The members of the Supervisory Board receive a payment of € 21,000 per annum. The chairman receives an annual payment of € 27,000 and the vice-chairman receives € 24,000. The members of the audit committee receive an additional € 4,000 per annum. The members of the remuneration committee receive an additional € 3,000 per annum. Apart from the aforementioned payments, the members do not receive any further compensation other than reimbursements of actually incurred expenses.

STATEMENT OF SHARE OWNERSHIP (PRINCIPLE)

Members of the Supervisory Board shall only hold shares in Vastned Retail as a long-term investment and shall purchase these shares at their own cost. When purchasing and selling shares, they act in accordance with the regulations adopted by the Company as referred to in Section 65 of Chapter 5 of the Dutch Act on Finnaciel Supervision. Transactions are also reported to the Dutch Authority for the Financial Markets (*www.afm.nl*) in accordance with the relevant rules.
As at 31 December 2011, none of the members of the Supervisory Board held any shares in Vastned Retail.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Introduction

Vastned Retail acknowledges the importance of proper corporate governance as the basis of trust between the Company and its shareholders. With a view to the transparency that is an essential part of corporate governance, Vastned Retail is continuing its practice of reporting extensively in this annual report on how its corporate governance operates and the extent to which the company complies with the Code.

Statement of compliance and deviations from the Code

Vastned Retail subscribes to the Code and its principles and as at 31 December 2011 complied with virtually all the best practice provisions of the Code. A deviation existing as at 31 December 2011 pertains to the term of appointment of Mr Tom de Witte. The Board of Management and the Supervisory Board have decided to eliminate this deviation. Furthermore, in determining the terms of Mr De Witte's potential severance payment in the event of involuntary dismissal, the years of service preceding employment with Vastned will be taken into account. It is expected that such payment will exceed the limits set by the Code.

Availability of corporate governance documents

The company has made the corporate governance documents, such as the articles of association, the regulations of the Supervisory Board and the registration document as required by the Act on Financial Supervision, available on its website *www.vastned.com*.

Independence

None of the members of the Supervisory Board is or has been a member of the Management Board or an employee of Vastned Retail or of any company associated with it. Neither have any of the said members received any remuneration other than for membership of the Supervisory Board, nor have they had significant business relations with Vastned Retail or any associated company during the year prior to their appointment.

None of the members of the Board of Management is a shareholder, member of the Board of Management or Supervisory Board member of any company that holds 10% or more of the shares in Vastned Retail. This is also the case for the immediate family of the members in question.

SPECIFIC CORPORATE GOVERNANCE REQUIREMENTS FOR THE BOARD OF MANAGEMENT

Transactions with members of the Management Board

Vastned Retail has not entered into any transactions with any of the members of the Board of Management other than those arising from their employment contracts.

Conflicts of interests involving members of the Board of Management

None of the members of the Board of Management is in competition with Vastned Retail in any way. No payments have been made by Vastned Retail to the members of the Board of Management or members of their families, no member of the Board of Management has granted any third parties an unjustified advantage or arranged for himself or his family to gain from commercial opportunities provided by Vastned Retail. In view of the corporate governance pursued by Vastned Retail, the members of the Board of Management declare that they will comply with the Code in all of the above-mentioned cases. In the event of a conflict of interests, the member of the Board of Management involved will report that conflict of interests to the chairman of the Supervisory Board. The member in question will not participate in any discussions and decision-making where he has a conflict of interests.

In addition, the usual industry conditions will apply to transactions where there is a conflict of interests.

Loans to members of the Board of Management

Vastned Retail has not made loans to any member of its Board of Management, nor have any members of the Board of Management made loans to Vastned Retail.

SPECIFIC CORPORATE GOVERNANCE REQUIREMENTS FOR THE SUPERVISORY BOARD

Principle

None of the members of the Supervisory Board of Vastned Retail is also a member of a company associated with Vastned Retail or with which Vastned Retail maintains an important business relationship. This system means the members of the Supervisory Board have a considerable degree of independence. The Supervisory Board has four members.

Conflicts of interests involving members of the Supervisory Board

Members of the Supervisory Board report any material conflicts of interests to the chairman of the Supervisory Board. In line with the corporate governance pursued by Vastned Retail, the members of the Supervisory Board declare that they will comply with the Code in such cases. Any member with a conflict of interest will refrain from participating in discussions and decision making regarding that matter. In addition, the usual industry conditions will apply to transactions where there is a conflict of interests. Decisions to enter into transactions with controlling shareholders, defined here as shareholders holding more than 10% of the share capital in issue, must be approved by the Supervisory Board and are subject to the usual industry conditions. At present, Vastned Retail does not have a delegated Supervisory Board member. The Supervisory Board will act in accordance with the best practice provisions III.6.6 and III.6.7 where applicable.

Loans to members of the Supervisory Board

Vastned Retail has not made loans to any member of the Supervisory Board, nor has any member of the Supervisory Board made loans to Vastned Retail.

THE GENERAL MEETING OF SHAREHOLDERS

GENERAL MEETING OF SHAREHOLDERS AND VOTING RIGHTS

The regular General Meeting of Shareholders should be held within six months of the close of the financial year. The General Meeting of Shareholders is called in the manner laid down in the legislation and regulations applicable to Vastned Retail. One or more shareholders that together represent at least 10% of the share capital in issue can ask the Board of Management to call a General Meeting of Shareholders. One or more shareholders that together represent at least 1% of the share capital in issue, or alternatively hold shares worth at least € 50 million, can ask for items to be placed on the agenda of the General Meeting of Shareholders, provided they do so at least 60 days before the meeting. Vastned Retail reserves the right to avail itself of the response time as defined in best practice provision II.1.9. of the Code.

Vastned Retail announces the meeting in line with the stipulations in the applicable legislation and regulations. The agenda and shareholders' circular can be obtained at the offices of Vastned Retail in Rotterdam, and via *www.vastned.com*. These publications include among other things the registration date for exercising voting rights attached to shares. The minutes of the General Meeting of Shareholders will be made available after the meeting in accordance with best practice provision IV.3.8.

The Board of Management and the Supervisory Board supply the General Meeting of Shareholders with all information required unless there is a substantial interest in not doing so.

Subjects for discussion

Generally, the following subjects are discussed at the General Meeting of Shareholders (without being subjected to approval): the minutes of the most recent General Meeting of Shareholders, the report by the Board of Management on the most recent financial year with an explanation of the strategy and the state of affairs, the dividend policy and policy on reserves, corporate governance and the remuneration report. The General Meeting of Shareholders is asked to vote on the following subjects: the adoption of the financial statements for the most recent financial year, the determination of the dividend/final dividend for the most recent financial year, major changes to the strategy and material changes to the corporate governance structure, discharging the members of the Board of Management for their management during the most recent financial year, discharging the Supervisory Board members for their supervision of the management by the Board of Management during the most recent financial year and the appointment or reappointment of members of the Company's Supervisory Board or Board of Management.

(Special) controlling rights

There are no shares with special controlling rights. Every share gives the right to one vote in the General Meeting of Shareholders. No vote can be cast for shares held by Vastned Retail itself or by or on behalf of a subsidiary unless those shares are encumbered by usufruct or pledge.

The requirement for most resolutions by the General Meeting of Shareholders is an absolute majority (half of the votes cast plus 1). Pursuant to the articles of association, the following resolutions can only be adopted with a qualified majority:

- a resolution to reduce the capital can only be adopted with a majority of at least two thirds of the votes cast if less than half of the issued capital is represented at the meeting;
- a resolution to remove the binding nature of a nomination to appoint a member to the Board of Management or to the Supervisory Board can only be adopted by an absolute majority of the votes cast representing at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but there was a vote with an absolute majority voting in favour of the resolution to remove the binding nature of the nomination, a new meeting is called in which the resolution can be adopted irrespective of the proportion of capital represented at this meeting.

A resolution to suspend or dismiss a member of the Board of Management or of the Supervisory Board, not proposed by the Supervisory Board, can only be adopted by an absolute majority of the votes cast representing at least one third of the issued capital. If not at least one third of the issued capital was represented at the meeting, but there was a vote with an absolute majority voting in favour of the resolution to suspend or dismiss a member, a new meeting is called in which the resolution can be adopted by an absolute majority of the votes cast irrespective of the proportion of capital represented at this meeting.

Resolutions, not proposed by the Board of Management with the approval of the Supervisory Board, to (i) amend the provisions of the articles of association, (ii) dissolve the Company or (iii) liquidate the undertaking of the Company, or (iv) file a petition for bankruptcy or suspension of payments, can only be adopted by a majority of more than two thirds of the votes cast in a meeting in which more than a three fourth proportion of the issued capital is present or represented.

CAPITAL STRUCTURE

Vastned's authorised share capital amounts to € 375,000,000. It is made up of 75,000,000 shares, each with a nominal value of € 5. As at 31 December 2011, a total of 18,621,185 shares were in issue.

Issuing and repurchasing shares

Vastned is a public limited liability company with the status of an investment company with variable capital pursuant to Book 2, Article 76(a) of the Dutch Civil Code. The decision to issue shares is taken by the Board of Management, taking into account the limits and conditions set by the Supervisory Board. The Board of Management can also acquire shares in its own capital at times and under conditions to be determined by the Board of Management, taking into account the limits and conditions set by the Supervisory Board, provided that the Company's capital minus the shares it holds itself amounts to at least 10% of the authorised capital.

FINANCIAL REPORTING AND THE EXTERNAL AUDITOR

Financial reports are drawn up in accordance with internal procedures. The Board of Management together with the Supervisory Board is responsible for ensuring that the financial reports are accurate, complete and produced on time. The external auditor is also involved in the content and publication of the semi-annual figures, the financial statements and the associated press releases. The external auditor attends the General Meeting of Shareholders and may be asked to comment on his opinion concerning the fairness of the financial statements. The external auditor attends at the very least the meetings of the Supervisory Board and/or the audit committee in which the financial statements are discussed.

CODE OF CONDUCT AND WHISTLEBLOWER'S CODE

Vastned has drawn up a code of conduct that applies to all employees, including the Board of Management. A whistleblower's code also applies that allows employees and members of the Board of Management to report abuses within the company without endangering their own employment relationship. The texts of these codes have been published on *www.vastned.com*.

ARTICLE 10 OF THE EU TAKEOVER DIRECTIVE

Under Article 10 of the EU Takeover Directive, Vastned should, among other things, include information in its annual report concerning the following: the capital structure, significant participations in Vastned where there is a disclosure obligation under Chapter 5.3 of the Act on Financial Supervision, limitations to voting rights and the issue of depositary receipts for shares with the concurrence of the Company, stipulations in the articles of association regarding the appointment and dismissal of members of VastNed's Board of Management and Supervisory Board, the Board of Management's powers (in particular regarding the issue of shares), any significant agreements in which Vastned is a party and which take effect, are altered or terminated under the condition of a change of control following a public bid. Such information is included in this section and elsewhere in this annual report, insofar as applicable.

REMUNERATION REPORT 2011

INTRODUCTION

The remuneration policy for the Vastned Board of Management was adopted by the Extraordinary General Meeting of Shareholders held on 25 November 2011. The adoption took place in light of the changed circumstances and the introduction of the sharpened strategy.

APPLICATION OF THE NETHERLANDS CORPORATE GOVERNANCE CODE ('CODE')

The principles and best practice provisions in respect of the level, composition, adoption and publication of the remuneration of Directors are set down in Section II.2 of the Code. Vastned subscribes to the principles and best practice provisions of the Code. The employment contract concluded with Mr De Groot fully complies with the provisions of the Code. The employment contract concluded with Mr De Witte dates from before the introduction of the Code. It was concluded for an indeterminate period of time and contains a severance payment scheme with a minimum payment in the event of termination by Vastned that could exceed the compensation of one year's salary, the maximum specified in the Code. Vastned respects this already existing contractual arrangement with Mr De Witte.

BASIC PRINCIPLES OF REMUNERATION POLICY

The remuneration policy is based on the following assumptions:

a The level and structure of the total remuneration should enable Vastned to attract and retain qualified Directors with the necessary expertise;
b The proportion of fixed and variable income should be such that it promotes Vastned's medium and long-term interests;
c The variable portion of the remuneration should be fitting in relation to the fixed portion of the remuneration.

Based on these principles, the following criteria have been formulated for the various elements of the remuneration policy for the next few years:

a The CEO will be granted a fixed annual salary including holiday allowance that is in line with comparable investment funds vested in the Netherlands with which Vastned competes on the job market. These are Corio, Eurocommercial Properties, Wereldhave and NSI.
b The Directors are granted a fixed annual salary including holiday allowance that ranges from 60%–80% of the CEO's fixed annual salary, depending on the weight of the portfolio, experience and performance.
c In contrast to the variable income components discussed below, the fixed annual salaries qualify as pensionable income. The aim is to offer defined contribution pension plans as part of new employment contracts, as is the case for Mr De Groot. However, deviating schemes in existing employment contracts, such as that of Mr De Witte will be respected.
d A bonus may be granted to the CEO and every other member of the Board of Management, with a maximum amount equal to the average of the annual fixed salaries of all members of the Board of Management. 40% of the maximum bonus is linked to the realisation of the short term targets and criteria (one year) and 60% is linked to the realisation of the long term targets and criteria (three years), as explained in further detail below. The short term bonus is payable in cash in the financial year in which it is awarded and the long term bonus is payable in shares three years after its conditional award if and insofar as the suspensive conditions of the performance criteria defined in advance are met.

BONUS METHODOLOGY

Each year at the end of the financial year, following the determination of the fixed annual salaries of the members of the Board of Management for the coming financial year by the Supervisory Board, the maximum realisable bonus for each member of the Board of Management for that year is calculated as the average of the established annual salaries. Of this amount, 40% is designated as Short Term Incentive ('STI') and 60% as Long Term Incentive ('LTI').

SHORT TERM INCENTIVE (STI)

Four performance criteria will be established for the STI each year. A score range is linked to each criterion in such a way that in the event of 'at target' performance for each of the four criteria, a bonus of 32% of the maximum established bonus amount is paid. The maximum STI of 40% can only be realised if top scores are achieved for all performance criteria. No STI will be paid if none of the defined minimum performance criteria are realised. At least three of the four performance criteria to be defined concern objective measurable, challenging targets of which two are common to all members of the Board of Management and one is specific to each member of the Board of Management individually. The fourth performance criterion may contain qualitative elements, including an evaluation by the Supervisory Board of the performance of the members of the Board of Management. The degree to which the STI is realised is determined following the completion of the relevant financial year and the bonus determined accordingly is paid in cash following the adoption of the annual account for the relevant financial year by the Annual General Meeting of Shareholders. Members of the Board of Management can use their STI payment for the purchase of Vastned shares as long and insofar as the Vastned shares held by them that are purchased at their own expense are valued at less than 50% of their gross annual salary.

LONG TERM INCENTIVE (LTI)

The maximum LTI is determined at the beginning of every financial year; for the first time in 2012. (Example: suppose the average salary of the members of the Board of Management for the 2012 financial year is € 337,500. The maximum LTI for that year in that case then is 60% x € 337,500 = € 202,500, payable in shares in three years time). The amount to be awarded, is conditional and becomes fully or partially definitive three years after award (for the first time in 2015), depending on the results of the performance criteria listed below. The nominal LTI amount established in this way will be paid in shares at the Initial Share Price established for a Vastned share for that year as defined below (hereinafter: Initial Share Price). The shares paid this way are immediately entitled to dividend.

LTI BASED ON RELATIVE TOTAL SHAREHOLDER RETURN

50% of the LTI is linked to the total result over periods of three years each. The total result consists of value movements in share price and assumes that the interim dividends paid are reinvested ('Total Shareholder Return or TSR'). The total result is compared with that of an international peer group and works as follows.

At the beginning of each financial year, the Initial Share Price of a Vastned share and that of a peer group of 9 listed retail property funds are determined by taking the average of the first 10 closing share prices for the year for each fund. The peer group comprises Corio, Citycon, Eurocommercial Properties, Deutsche EuroShop, Klépierre, Mercialys, NSI, Unibail-Rodamco and Wereldhave. After three years, for the first time in 2015, the peer group is ranked in terms of the TSR for the previous three years. The conditionally awarded maximum LTI becomes definitive in accordance with the following scheme:

Ranking	LTI (in %)
Vastned in 1st–2nd position	50%
Vastned in 3rd–4th position	35%
Vastned in 5th–6th position	20%
Vastned in 7th–10th position	0%

LTI BASED ON NET ASSET VALUE, ABSOLUTE TSR AND 3-YEAR RETURN VASTNED

The other 50% of the LTI is linked to the three-year yield realised by Vastned in terms of the average Initial Share Price and the Net Asset Value per share ('NAV'). The NAV is adjusted for the acquisition costs incurred in the relevant period for property investments in the context of the renewed strategy. Each year, the initial value is determined by taking the average of the Vastned Initial Share Price as defined above (average of the first ten closing share prices) and the NAV as at the end of the previous financial year adjusted for the acquisition costs incurred in the previous three financial years. After three years the yield realised on the initial value established in this way is calculated by dividing the movement in value, increased by the interim dividends paid, by the initial value.
(Example[1]): the average of the first 10 closing share prices in 2012 is € 32.67 and suppose that the NAV at year-end 2011 is € 53.72. The initial value for calculating the LTI is then set at the average, i.e. € 43.20. Next, suppose that the initial value calculated in the same way for 2015 is € 46.00 and that interim dividends in the amount of € 10 were paid. The three-year yield in that case is ((€ 46.00 - € 43.20 + € 10.00)) / € 43.20 = 29.6%). The conditionally awarded maximum LTI becomes definitive in accordance with the following scheme:

Three-year yield less than 25%:	0% LTI
Three-year yield between 25% and 35%:	Pro-rated LTI; 5% per % yield
Three-year yield 35% or more:	50% LTI

If the initial value for the three-year period calculated above rises, then the above-referenced LTI award limits will be adjusted in accordance with the scheme below.

		Initial Share Price of 3-year period (in €)				
	Percentage Granted	< 45	45–50	50–55	55–60	> 60
	0%	25.0%	23.8%	22.6%	21.4%	20.4%
The Initial Share Price	5%	26.0%	24.7%	23.5%	22.3%	21.2%
area contains lower	10%	27.0%	25.7%	24.4%	23.1%	22.0%
limits of 3-year yield	15%	28.0%	26.6%	25.3%	24.0%	22.8%
graduated scales	20%	29.0%	27.6%	26.2%	24.9%	23.6%
	25%	30.0%	28.5%	27.1%	25.7%	24.4%
	30%	31.0%	29.5%	28.0%	26.6%	25.2%
	35%	32.0%	30.4%	28.9%	27.4%	26.1%
	40%	33.0%	31.4%	29.8%	28.3%	26.9%
	45%	34.0%	32.3%	30.7%	29.2%	27.7%
	50%	35.0%	33.3%	31.6%	30.0%	28.5%

A maximum of 50% of the LTI-based shares paid in any financial year may be sold immediately to pay wage and income taxes due. The other paid shares must be held for a period of at least two years or until the end of the employment of the Director in question, if earlier.

Conditionally awarded amounts under the LTI plan in principle become unconditional and paid in shares if a public bid, supported by Vastned, on the Vastned shares has become irrevocable. However, before the awarded amounts under the LTI plan become unconditional in the event of a public bid, the Supervisory Board, on the basis of good corporate governance and applicable laws, will check whether making the awarded amounts unconditional would lead to disproportionate or unreasonable results, in which case the Supervisory Board may adjust the remuneration.

In the event of the interim termination of the employment contract of a Director, the Supervisory Board, with due consideration to the way in which and the circumstances under which the termination occurred, will decide whether, and if so, to what extent, the LTI conditionally awarded to the Director in question will be withdrawn.

1 The amounts used are partially fictitious and are in no way predictive.

OTHER REMUNERATION ELEMENTS

PENSIONS

The applicable pension schemes are exempt from premiums. Mr De Witte's pension plan is based on the career-average system and Mr De Groot's pension plan is a defined contribution plan. The expected retirement age for Mr De Witte and Mr De Groot is 65.

EXPENSE ALLOWANCES

All members of the Board of Management benefit from the customary arrangements for company cars and reimbursement of business expenses.

DURATION AND TERMINATION CONDITIONS IN EMPLOYMENT CONTRACTS

Mr T.T.J. De Groot

The employment contract concluded with Mr De Groot has a term of four years. If the employment contract is terminated as a result of a merger or take-over on the initiative of Vastned Management B.V., compensation with a maximum of 12 months salary is paid. The employment contract concluded with Mr De Groot complies with the Code.

Mr T.M. de Witte

The term of Mr De Witte's employment contract is indeterminate. In the event of voluntary dismissal by the General Meeting of Shareholders of Vastned Management, Mr De Witte is entitled to compensation to be determined in line with the method used in the Dutch sub-district court formula, taking into account 12 years of service at the time of appointment. This arrangement was negotiated when the employment contract was concluded. If the employment contract is terminated as a result of a merger or take-over on the initiative of Vastned Management, compensation of at least 15 months salary is paid.

TERMS OF NOTICE

The following terms of notice apply to the members of the Board of Management:

	Employer	Employee
Mr T.T.J. De Groot	6 months	3 months
Mr T.M. de Witte	6 months	3 months

2012 REMUNERATION

Based on the remuneration policy described above, the Supervisory Board has decided to establish the salaries of the Board of Management for the 2012 financial year as follows:

Mr T.T.J. De Groot :	€ 375,000 (2011: € 310,000)
Mr T.M. de Witte:	€ 300,000 (2011: € 265,000)

The maximum bonus that can be achieved over the 2012 financial year by each member of the Board of Management is € 337,500, with a maximum STI of € 135,000 and a maximum LTI of € 202,500.

2011 BONUS

The following explains the bonus awarded over 2011 on the basis of the previous remuneration policy in effect up to and including 25 November 2011.

DIRECT INVESTMENT RESULT-RELATED BONUS OVER 2011

The direct investment result-related bonus over 2011 will not be granted since the direct investment result per share in 2011 (adjusted for the average weighted inflation rate) is lower than it was over the 2010 financial year.

CLAW BACK OF DIRECT INVESTMENT RESULT-RELATED BONUS OVER 2009

In 2010, on account of the direct investment result-related bonus over 2009, 1,596 and 798 shares were conditionally granted to Messrs Van Gerrevink and De Witte respectively. The shares granted were to become unconditional if the direct investment result per share over the 2011 financial year were to be at least € 4.03. Since this condition has not been met, the conditional award of these shares will be dropped.

2011 PERSONAL BONUS

The personal bonus related to the proper termination of the partnership between Vastned Retail and VastNed Offices/Industrial, attracting alternative financing and successfully establishing a new Vastned organisation has been fully earned for the former VastNed Offices/Industrial, as well as for Vastned Retail, resulting in the following payments:

- R.A. van Gerrevink € 50.000
- T.T.J. de Groot € 25.000
- T.M. de Witte € 25.000

RISK MANAGEMENT

The risk management and control system at Vastned Retail is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Risk Management framework. It aims to guarantee with a reasonable degree of certainty that the risks the company is exposed to have been adequately identified and are being managed within a limited risk profile. The following summary sets out the key categories of risks that pertain to Vastned Retail. The potential impact of each of the risk categories is indicated, along with the way in which Vastned Retail tries to manage the risk.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Strategic risks Impact of external factors as a consequence of investment and financial policy choices.	- The choice of investment country, investment type, relative size and timing of investments can have a major impact on the extent to which the expected rental developments and the demand for retail locations are dependent on inflation, currency fluctuations, consumer expenditure, rent legislation and permit policies and as such determine the value development of the investments. - The degree of leverage and the interest rate policy to a significant degree affect the (volatility of the) financing costs and the refinancing risk.	A strategic choice has been made to: - primarily invest in countries in the euro zone, where the political and economic climate is relatively stable, namely the Netherlands, France, Spain, Belgium and Portugal. For further details about the rental regulations in these countries, please refer to page 203; - aim for a considerable spread across a range of different properties/locations and tenants (please refer to the chapter on 'Profile and Strategy' and the key figures for the property portfolio). The gross rental income from the largest property and the largest tenant at year-end 2011 was 5.0% and 5.8% of the total gross rental income, respectively; - focus on retail investments on the most popular high streets that in terms of authenticity and drawing power provide assurance of a good footfall and consequently are attractive to retailers; - achieve a critical mass for each country/region to guarantee sufficient local expertise and with that proper research. Properly equipped teams are present in all countries. The Istanbul team will receive reinforcements as the size of its property portfolio increases; - limit the size of the property portfolio in Turkey to a maximum of 10% of the total investment portfolio, with a focus on retail investments on the best high streets in Istanbul; and - maintain a conservative financing policy (for more detail, please refer to 'Financing Risks' below). Decisions on strategy and changes in strategy are first approved by the Supervisory Board before being implemented.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Financial reporting risks The impact of incorrect, incomplete or late provision of information on decision-making (internal or by external parties, including shareholders, banks and regulators).	– Incorrect estimate of risk-return profile in investment decisions; and – Reputation damage and claims due to having made misleading statements to stakeholders.	A sound system of internal control measures and administrative and organisational measures has been implemented and laid down in various places such as the Administrative Organisation manual, the code of conduct, the whistle-blower code and the rules of procedure of the Board of Management. They provide important checks and balances with regard to financial reports, for example: – involvement of different disciplines in the preparation of reports and proposals for investments and disposals; – budgeting, quarterly updated forecasts and quantitative analyses; – valuation procedures (independent external appraisers who are regularly replaced, internal IRR analyses and internationally accepted valuation guidelines); – regular business report meetings in which reports are used as the basis for discussing operational activities in detail with the country managers; – group instructions on accounting principles and reporting data, as well as internal training in IFRS matters, etc; and – regular meetings of the Board of Management and discussion of the results of external audits with the audit committee and the Supervisory Board.
Operational risks Risks arising from daily transactions and (external) events. *Investment and divestment risks* Investment or disposal analysis performed incorrectly.	– Incorrect estimation of the risk-return profile; and/or – Investment or disposal made too late; – Negative effect on (future) net rental income; – Unanticipated negative value movements; and – Lower (than expected) direct and indirect investment results.	Careful acquisition and selling procedures, consisting of: – conducting a due diligence assessment to assess financial, legal, structural and fiscal aspects; – involvement of different disciplines in acquisitions and sales; – standard format for investment and disposal proposals; and – internal authorisation procedures (investment and disposals exceeding € 25 million require approval by the Supervisory Board).

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Leasing and debtor risks The risk that a property cannot be let at the anticipated rent (resulting in a vacant property) or the rent cannot be collected, due to its nature and location and/or the quality of the tenant.	– Drop in rental income and rise in service charge expenses that cannot be passed on due to vacant properties; – Decline in the value of the property investments due to vacancy; – Write-off of overdue receivables; and – Lower (than expected) direct and indirect investment results.	Internal procedures aimed at: – very frequent evaluation of local factors and the investment property itself by portfolio and technical managers, plus (contracted) research; – extensive annual forward-looking yield analysis, including ten-year forecast; – an even spread of expiry dates of lease contracts, in accordance with current rental legislation and regulations; – achieving an optimum tenant mix and setting a maximum exposure to any individual tenant (the overall gross rental income from our largest tenant is 5.8% of the total gross rental income); – regular reports on the occupancy rate and rent arrears in the property portfolio, listing the resulting actions; – screening tenants when concluding leases; – interim evaluations of the financial positions and payment behaviour of tenants by holding regular meetings with them and by consulting external sources on this subject; and – securing bank guarantees and/or payment of guarantee deposits from tenants.
Cost control risks The risk of unexpected increases in operating expenses and general expenses, and of having to make unanticipated further investments.	– Incorrect estimation of the risk-return profile; and – Lower direct and indirect investment results.	– Budgeting procedures and maintenance forecasts; – Authorisation procedures for entering into maintenance and investment commitments; – Regular reporting (realisation vs. budget analyses); and – Benchmarking costs against those of other funds.
Pipeline risks Risks associated with acquired property investments in pipeline.	– Delays in delivery; – Deviations from agreed (technical) specifications or lease conditions; – inability to rent out fully or only at lower than previously estimated rental levels; and – Lower direct and indirect investment results.	– The pipeline risk is for a large part generally transferred to contracted reputable and reliable project developers and building contractors. Early involvement in the design of the property and the composition of the tenant mix enables leasing risks to be kept down; – Regular progress reporting (realisation vs. budget analyses); and – Continuous involvement of in-house commercial and technical experts to monitor progress. The committed property investments in pipeline amounted to € 92.9 million at year-end 2011 of which € 89.6 million is already recorded on the balance sheet.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Legal and tax risks Risks associated with amendments to tax law and corporate law, and risks arising from the incorrect assessment of contractual stipulations or tax exposure.	Legal and tax claims resulting in fines, loss of income or additional costs; - Loss of tax status; - Reputation damage; and - Lower direct and indirect investment results.	Internal procedures, comprising: - mandatory evaluation of contractual commitments by internal and (where necessary) external lawyers and tax experts; - ensuring that staff receive professional training; - continuous monitoring of the conditions imposed on the application of the tax regime (including financing ratios, mandatory dividend payments and the composition of the shareholder base) by internal and external tax experts; and - careful analysis of the tax risks involved in acquisitions and disposals (value added tax, transfer tax, deferred tax liabilities and similar).
ICT-related risks Risks associated with malfunctions or security issues related to the internal ICT infrastructure.	- Being unable to issue internal or external reports correctly or on time; - Loss of relevant information; - Unauthorised access to information by third parties; and - Reputation damage.	Internal procedures aimed at: - access security; - backup and recovery procedures. Backups are collected daily by an external company; - regular checks by external experts; - digitisation of key documents; and - hiring in external know-how and experience to keep up to date on ICT developments. The ICT network between the different countries is centralised in Rotterdam, with the individual countries connected to the company Wide Area Network over fixed lines leased from professional network providers.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Financial risks		
The financing/refinancing risk		
The financing/refinancing risk that insufficient equity and (long-term) loan capital can be raised, or only on unfavourable terms, or of agreed bank covenants not being met.	– Insufficient financing facilities for investments; – Enforced sale of property investments; – Higher financing costs; – Lower direct and indirect investment results; and – Reputation damage.	– Regular contact with existing and potential shareholders and with loan capital providers through road shows, transparent financial reporting and analysts' meetings; – Limiting loan capital financing to a maximum of 50% of the market value of the property investments. At year-end 2011, this value was 43.1%; – Limiting the proportion of short-term loans to a maximum of 25% of the loan portfolio. At year-end 2011, this value was 17.6%; – The aim is to spread the financing over different banks and other sources of financing, such as private placement bonds. The aim is to increase the share of non-bank financing to 25%. At year-end 2011, this value was approximately 10%; – Efforts are made to achieve an even spread in the refinancing dates (see table on page 89); – The basic position is that the long-term loan portfolio should have a weighted average term of at least three years. At year-end 2011, this term was 3.6 years; – Internal monitoring based on periodic internal financial reports detailing sensitivity analyses, financing ratios, changes in bank covenants and financing facilities; and – Regular board meetings on the subject, discussion of these reports with the audit committee and the Supervisory Board.
Liquidity risk		
The risk that insufficient resources will be available for day-to-day payment obligations.	– Reputation damage; – Extra financing costs; and – Lower direct investment results.	– Procedures aimed at reducing operational risks that may result in loss of cash flow (see above); – Attracting sufficient credit facilities, aimed at ensuring sufficient borrowing capacity. At year-end 2011, the unused credit facilities amounted to € 87.8 million; – Drawing up daily cash flow forecasts; and – Internal monitoring of the credit facilities and conditions, based on periodic internal financial reports.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Interest rate risk Risks resulting from interest rate fluctuations.	– Rising financing costs; and – Lower direct investment results.	– In principle, no more than one third of the loan portfolio has variable interest rates; – Rate fixing by taking out interest rate derivatives contracts with national and international banks; – Efforts are made to obtain an even spread of interest rate review dates; – Efforts are made to achieve a typical interest rate term of at least 3.0 years for the long-term loan portfolio. At year-end 2011, this term was 4.3 years; – Internal monitoring of interest rate risks based on regular internal financial reports; and – Regular board meetings on the subject, discussion of these reports with the audit committee and the Supervisory Board.
Currency risk Risks resulting from exchange-rate fluctuations.	– Falling income; and – Lower direct and indirect investment results.	– Investing primarily in the euro zone; – No more than 10% of the total invested capital is invested in Turkey. At year-end 2011, this value was 4.9% (€ 103.7 million); and – Concluding lease contracts in euros or sometimes in US dollars and financing part or all of the investment properties in the same currency.
Compliance risks Risks associated with non-compliance or inadequate compliance with legislation and regulations, or risks associated with not acting with integrity.	– Reputation damage; – claims and legal procedures; and – Lower direct investment results.	– Internal procedures and training aimed at keeping knowledge of legislation and regulations up to date; – Internal code of conduct and whistle-blower code; – Compliance with the code of conduct is discussed with employees at least once a year; – Procedures aimed at hiring staff who will act with integrity (including references, etc); and – Having the country managers sign an internal Letter of Representation at least once a year.

As indicated above, Vastned Retail devotes a great deal of attention to risk management. Only a relatively small number of people work at Vastned Retail who, moreover, are spread across the various country organisations. Activities in the areas of financing, cash management, tax, legal affairs, ICT, research, budgeting and budgetary control are carried out at group level in Rotterdam, which also benefits the local country organisations. Vastned Retail does not have a separate internal audit department. In view of the limited complexity of the day-to-day transactions and the short internal communication lines, the absence of a separate internal audit department is deemed to be acceptable from the perspective of risk management.

PROPERTY PORTFOLIO 2011

INVESTMENT PROPERTIES IN OPERATION

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
THE NETHERLANDS								
Alkmaar								
Laat 165-167	High street shop	1990	1906	345	1	–	–	94
Payglop 6	High street shop	1988	1900	45	1	–	–	22
Payglop 14	High street shop	1994	1930	143	1	–	–	43
Almelo								
Grotestraat 32/Hof van Gülick 10	High street shop	1993	1920	210	1	1	–	45
Grotestraat 35a-37	High street shop	1994	1900	150	1	1	–	52
Grotestraat 36	High street shop	1996	1920	430	1	–	–	83
Grotestraat 83-85	High street shop	1994	1850	255	1	–	–	131
Grotestraat 97a/Koornmarkt 3-5 and 9-11/ Werfstraat 1	High street shop	1993	1920	1.132	5	–	–	202
Amersfoort								
Langestraat 8	High street shop	1990	1900	409	1	–	–	100
Utrechtsestraat 13/Hellestraat 3	High street shop	2008	1900	97	1	1	–	71
Amsterdam								
Shopping centre Boven 't IJ 1)	Shopping centre	90/93/07	68/72	9,988	3	–	–	1,235
Ferdinand Bolstraat 65	High street shop	1989	1883	113	1	3	–	59
Ferdinand Bolstraat 79	High street shop	1987	1905	85	1	3	–	57
Ferdinand Bolstraat 81	High street shop	1989	1884	82	1	3	–	61
Ferdinand Bolstraat 88	High street shop	1987	1883	85	1	3	–	65
Ferdinand Bolstraat 92/G. Flinckstraat 118	High street shop	1987	1882	81	1	6	–	70
Ferdinand Bolstraat 95-97/ 1e Jan v.d. Heydenstraat 88a-90	High street shop	1987	1892	194	1	9	–	119
Ferdinand Bolstraat 101	High street shop	1989	1892	118	1	3	–	46
Ferdinand Bolstraat 109	High street shop	1989	1882	76	1	3	–	54
Ferdinand Bolstraat 120/ 1e Jan v.d. Heydenstraat 88	High street shop	1993	1893	130	1	6	–	69
Ferdinand Bolstraat 122	High street shop	1987	1893	95	1	3	–	62
Ferdinand Bolstraat 124	High street shop	1987	1893	75	1	3	–	58
Ferdinand Bolstraat 126	High street shop	1989	1893	80	1	3	–	54
Heiligeweg 47	High street shop	1989	1899	60	1	–	–	97
Kalverstraat 9	High street shop	1990	1900	253	1	–	–	117
Kalverstraat 162-164	High street shop	1988	1800	328	1	–	–	300
Kalverstraat 182	High street shop	1987	1900	95	1	–	–	200
Kalverstraat 208	High street shop	1991	1850	160	2	–	–	117
Kinkerstraat 115 1)	High street shop	1994	1988	97	1	–	–	36
Leidsestraat 5	High street shop	1990	1905	380	1	–	–	127
Leidsestraat 64-66/Kerkstraat 44	High street shop	1986	1912	790	3	–	–	228
Paleisstraat 21	High street shop	1990	1876	310	1	–	–	51
Reguliersbreestraat 9/Amstel 8	High street shop	1987	1905	277	2	3	–	119
Rembrandtplein 7 1)	High street shop	2007	1897	285	1	3	–	216
Van Baerlestraat 86	High street shop	1994	1800	90	1	2	–	73
Van Baerlestraat 108-110	High street shop	1990	1800	265	2	3	–	119

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Apeldoorn								
Deventerstraat 5	High street shop	1990	1900	363	2	2	–	116
Deventerstraat 6	High street shop	1990	1930	70	1	–	–	32
Deventerstraat 14 en 14b	High street shop	1994	1900	295	3	3	–	98
Arnhem								
Bakkerstraat 3a and 4/Wielakkerstraat 8	High street shop	1990	1600	188	2	1	–	116
Bakkerstraat 6	High street shop	1994	1950	574	1	–	–	150
Koningstraat 12-13/Beekstraat 105–107 and 108	High street shop	1988	1890	1,052	4	3	–	316
Rijnstraat 23/Varkensstraat 34	High street shop	1990	1900	447	1	4	–	116
Vijzelstraat 24	High street shop	1994	1800	161	1	–	–	95
Assen								
Gedempte Singel 11-13/Mulderstraat 8	High street shop	1995	1952	894	3	–	–	100
Bemmel								
Dorpsstraat 31, 31a-e/Kloosterplaats 1/ Dr Poellstraat 1	High street shop	1998	1992	1,815	5	2	–	249
Bergen op Zoom								
Wouwsestraat 48	High street shop	1994	1900	80	1	–	–	49
Beverwijk								
Nieuwstraat 9-11/Breestraat 65	High street shop	1989	1910	2,630	4	–	–	345
Bilthoven								
Julianalaan 53	High street shop	1997	1930	367	1	–	–	37
Borculo								
Lichtenhorst 7-9	Retail warehouse	2007	2007	2,350	2	–	–	287
Boxmeer								
Hoogkoorpassage 14-18 and 22	High street shop	1990	1989	566	5	–	–	81
Steenstraat 110/D'n entrepot	High street shop	1997	1992	135	1	–	–	48
Boxtel								
Rechterstraat 42-44	High street shop	1997	1940	877	1	–	–	106
Stationstraat 18-20	High street shop	1997	1920	750	1	–	–	84
Breda								
Eindstraat 14-16	High street shop	1988	1924	260	1	–	–	210
Ginnekenstraat 3	High street shop	1994	1985	88	1	–	–	83
Ginnekenstraat 19	High street shop	1993	1980	150	1	–	–	122
Ginnekenstraat 80-80a	High street shop	1998	1905	165	1	5	–	110
Grote Markt 29/Korte Brugstraat 2	High street shop	1991	1953	102	2	–	–	78
Karrestraat 25	High street shop	1994	1920	268	1	2	–	137
Ridderstraat 19	High street shop	1994	1800	225	1	–	–	61
Torenstraat 2/Korte Brugstraat 14	High street shop	1992	1953	90	1	–	–	86
Veemarktstraat 30	High street shop	1991	1920	555	1	–	–	80
Veemarktstraat 32	High street shop	1992	1800	70	1	2	–	41
Brielle								
De Reede 36-50[1]	Shopping centre	1993	1977	1,610	7	–	–	267
Brunssum								
Kerkstraat 45/Schiffelerstraat 1	High street shop	1997	1970	620	2	–	–	96
Bussum								
Kerkstraat 1/Brinklaan	Retail warehouse	1994	1974	1,007	2	–	–	128
Nassaulaan 12/Nassaustraat 1a and 1g	High street shop	1994	1920	295	1	2	–	85
Nassaustraat 12-16	High street shop	1994	1900	181	1	1	–	89
Veerstraat 11 and 11d	High street shop	1990	1900	360	2	–	–	111
Capelle a/d IJssel								
Shopping centre De Wingerd 247-267	Shopping centre	1993	1969	2,043	5	1	–	289
Lylantse Baan 7	Retail warehouse	1990	1985	13,336	3	–	150	943

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Coevorden								
Friesestraat 14/Weeshuisstraat 9	High street shop	1997	1950	203	1	3	–	57
Culemborg								
Everwijnstraat 6-14/Markt 53	High street shop	1999	1989	493	6	–	–	106
Dalfsen								
Van Bloemendalstraat 6-8/Wilhelminastraat 5	High street shop	1997	1991	434	2	1	–	57
Dedemsvaart								
Julianastraat 13-19	High street shop	1997	1922	1,190	4	–	–	149
Delft								
Hippolytusbuurt 1/Nieuwstraat	High street shop	1997	1700	750	1	–	–	110
Markt 23	High street shop	1990	1906	54	1	3	–	50
Oude Langendijk 2	High street shop	1996	1906	120	1	–	–	39
Oude Langendijk 11	High street shop	1987	1906	150	1	–	–	56
Wijnhaven 9/Oude Delft 92	High street shop	1986	1700	184	1	–	–	40
Deventer								
Brink 95/Spijkerboorsteeg 33 and 37	High street shop	1995	1850	127	2	2	–	57
Lange Bisschopstraat 11-15	High street shop	1993	1800	310	2	1	–	83
Lange Bisschopstraat 34	High street shop	1991	1900	278	1	–	–	49
Lange Bisschopstraat 50	High street shop	1993	1800	210	1	1	–	111
Didam								
Hoofdstraat 5-7	High street shop	1997	1960	520	1	1	–	53
Oranjestraat 6-10	High street shop	1997	1978	520	1	1	–	50
Doetinchem								
Dr. Huber Noodstraat 2	High street shop	1997	1968	1,840	4	–	–	300
Korte Heezenstraat 6/Heezenpoort 13-15 and 21	High street shop	1994	1985	310	3	–	–	92
Nieuwstad 57-59	Retail warehouse	1988	1988	1,686	2	–	–	152
Doorwerth								
Mozartlaan 52-66/van der Molenallee 107-125	Shopping centre	1997	2007	3,395	12	–	–	472
Dordrecht								
Voorstraat 262	High street shop	1996	1800	175	1	4	–	121
Drachten								
Zuidkade 2	High street shop	1995	1900	150	1	1	–	51
Eerbeek								
Stuyvenburchstraat 44	High street shop	1997	1965	350	2	2	–	80
Stuyvenburchstraat 141	High street shop	1998	1950	420	1	2	–	56
Eindhoven								
Orionstraat 137-159	Shopping centre	1993	1973	3,102	11	–	–	487
Rechtestraat 25	High street shop	1992	1930	100	1	–	–	122
Rechtestraat 44-48	High street shop	1988	1966	3,273	2	–	–	589
Shopping centre Woensel 113	Shopping centre	1994	1970	115	1	–	–	80
Woenselse Markt 19-21	High street shop	1994	1979	810	1	4	–	147
Elst								
Kleine Molenstraat 6	High street shop	1997	1951	572	2	–	–	85
Emmeloord								
Lange Nering 65	High street shop	1993	1960	275	1	1	–	65
Enschede								
Kalanderstraat 6	High street shop	1993	1950	124	1	–	–	96
Langestraat 9-17a/Achter het Hofje 2	High street shop	1987	1930	2,703	12	1	–	349
Raadhuisstraat 9	High street shop	1990	1954	289	1	–	–	60
Goes								
Lange Kerkstraat 9	High street shop	1994	1920	65	1	–	–	34

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Goor								
Grotestraat 57-59 and 63	High street shop	1994	1910	859	2	1	–	64
Gouda								
Hoogstraat 5	High street shop	1988	1900	190	1	–	–	46
Kleiweg 77-95	High street shop	1994	1900	1,200	3	5	–	462
Kleiweg 103/Regentesseplantsoen	High street shop	1990	1988	862	3	–	–	208
Markt 52	High street shop	1990	1900	284	1	–	–	48
Groesbeek								
Spoorlaan 1	High street shop	1988	1989	1,100	1	–	–	149
Groningen								
Brugstraat 2-6/Schuitemakersstraat 1	High street shop	1995	1905	840	2	–	–	155
Dierenriemstraat 198/2	Shopping centre	1993	1992	914	1	–	–	150
Herestraat 41	High street shop	1994	1991	243	1	–	–	146
Stoeldraaierstraat 17	High street shop	1990	1953	266	1	10	–	65
Vismarkt 31-31a-c	High street shop	1993	1880	275	1	5	–	130
Haaksbergen								
Spoorstraat 45	High street shop	1997	1986	800	1	1	–	86
Haarlem								
Gen. Cronjéstraat 56-58/Kloosterstraat 10	High street shop	1996	1920	200	1	2	–	74
Grote Houtstraat 90	High street shop	1988	1850	96	1	–	–	62
Hardenberg								
Fortuinstraat 21	High street shop	1997	1985	300	1	–	–	41
Voorstraat 10	High street shop	1997	1930	1,173	1	–	–	135
Harderwijk								
Markt 14	High street shop	1991	1875	470	1	–	–	84
Shopping centre Vuldersbrink	Shopping centre	1998	1978	4,735	12	–	–	748
Harlingen								
Kleine Bredeplaats 8a-10a/								
Grote Bredeplaats 26-26b	High street shop	1997	1990	658	1	3	–	93
Voorstraat 71	High street shop	1997	1900	294	1	1	–	58
Heemstede								
Binnenweg 135-137	High street shop	1989	1924	65	1	1	–	34
Heerde								
Dorpsstraat 57-61	Retail warehouse	1998	1994	1,270	1	2	–	246
Heerlen								
In de Cramer 140	Retail warehouse	2007	2007	6,000	1	–	120	488
Saroleastraat 38	High street shop	1994	1930	225	1	1	–	112
Helden Panningen								
Kepringelehof 3-5 and 9-11	Retail warehouse	1998	1991	2,990	4	–	147	335
Helmond								
Veestraat 1	High street shop	1994	1950	240	1	–	–	92
Veestraat 39	High street shop	1994	1960	136	1	–	–	40
Hengelo								
De Telgen 9	High street shop	1993	1920	105	2	1	–	68
Molenstraat 4	High street shop	1991	1991	120	–	1	–	34
Wegtersweg 4	Retail warehouse	2006	2006	4,622	1	–	100	365
's-Hertogenbosch								
Hinthamerstraat 48	High street shop	1988	1900	130	1	2	–	77
Hooge Steenweg 19-23	High street shop	1994	1800	555	1	8	–	216
Schapenmarkt 17-21	High street shop	1988	1890	476	1	–	–	143

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Hillegom								
Hoofdstraat 66	High street shop	1997	1930	145	2	1	–	50
Hilversum								
Kerkstraat 55	High street shop	1994	1950	130	1	–	–	71
Kerkstraat 87	High street shop	1988	1905	100	1	–	–	61
Kerkstraat 91	High street shop	1994	1850	250	2	–	–	62
Kerkstraat 98	High street shop	1990	1927	77	1	1	–	59
Schoutenstraat 6	High street shop	1987	1923	65	1	–	–	37
Schoutenstraat 8	High street shop	1986	1923	122	1	–	–	51
Hoogeveen								
Hoofdstraat 157	High street shop	1993	1960	75	2	–	–	34
Hoogezand								
Shopping centre De Hooge Meren	Shopping centre	1993	1970	160	2	–	–	54
Hoorn								
Grote Noord 114	High street shop	1996	1912	85	1	–	–	38
Grote Noord 118	High street shop	1994	1900	80	1	1	–	52
Nieuwsteeg 24	High street shop	1994	1920	134	1	1	–	68
Houten								
Shopping centre Het Rond2)	Shopping centre	90/08	84/08	28,063	114	–	505	6,622
Onderdoor 3-13	Other	2006	1984	2,187	4	–	14	295
Onderdoor 4-4a	Other	2010	2010	2,105	2	–	–	251
IJsselstein								
Utrechtsestraat 45	High street shop	2007	2007	595	1	–	–	98
Utrechtsestraat 75	High street shop	1990	1911	300	1	–	–	74
Joure								
Midstraat 153-163	High street shop	1998	2006	2.519	5	5	–	394
Leek								
Tolberterstraat 3-5	High street shop	1997	1996	575	2	1	–	78
Leeuwarden								
Ruiterskwartier 127	High street shop	1995	1929	291	1	–	–	40
Ruiterskwartier 135	High street shop	1995	1930	140	1	–	–	35
Wirdumerdijk 7/Weaze 16	High street shop	1994	1920	520	2	1	–	196
Leiden								
Botermarkt 4-5	High street shop	1988	1928	732	2	–	–	103
Haarlemmerstraat 53	High street shop	1996	1928	85	1	–	–	59
Haarlemmerstraat 202/v.d. Werfstraat 39	High street shop	1994	1928	110	1	5	–	54
Haarlemmerstraat 208/Duizenddraadsteeg 2	High street shop	1993	1928	72	1	1	–	40
Haarlemmerstraat 213	High street shop	1990	1928	546	1	–	–	90
Maarsmansteeg 2	High street shop	1989	1928	121	1	–	–	23
Vismarkt 2-3	High street shop	1993	1900	135	1	3	–	50
Lelystad								
De Promesse 113, 115, 121, 123, 129 en 135	High street shop	2009	2009	4,836	6	–	–	777
Stadhuisstraat 21)	High street shop	1995	1975	470	1	–	–	120
Stadhuisplein 751)	High street shop	1996	1985	1,632	1	–	–	245
Stationsweg 22 and 23	Retail warehouse	2009	2009	2,513	2	–	–	286
Leusden								
Grutterij 6	Shopping centre	1996	1980	150	1	–	–	44
Maastricht								
Muntstraat 16-18	High street shop	1989	1897	135	1	–	–	101
Muntstraat 20	High street shop	1987	1891	110	1	–	–	107
Wolfstraat 8/Minckelersstraat 1	High street shop	1992	1883	789	3	–	–	300

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Meppel								
Hoofdstraat 50	High street shop	1990	1980	143	1	–	–	38
Middelburg								
Korte Delft 1	High street shop	1991	1950	75	2	–	–	33
Lange Delft 59	High street shop	1991	1850	198	1	–	–	58
Middelharnis								
Westdijk 22-24	High street shop	1997	1990	325	1	–	–	64
Nijkerk								
Oosterstraat 2-2a and 4-4a	High street shop	1997	1969	420	2	2	–	50
Nijmegen								
Broerstraat 26/Scheidemakershof 37	High street shop	1993	1960	161	1	3	–	103
Broerstraat 70/Plein 1944 nr. 151	High street shop	1989	1951	1,033	2	–	–	311
Houtstraat 35/T. Brandsmastraat 1-3	High street shop	1989	1951	204	1	7	–	71
Molenstraat 130-134/Piersonstraat 75-77	High street shop	1988	1900	1,231	3	–	–	159
Molenstraat 136	High street shop	1988	1925	60	1	–	–	26
Molenstraat 140/1e Walstraat 2	High street shop	1989	1918	400	1	3	–	119
Plein 1944 nr. 2	High street shop	1988	1957	164	1	7	–	58
Oosterhout								
Arendshof 48-52	Shopping centre	2000	1963	349	1	–	–	112
Arendstraat 9-11	High street shop	1994	1982	889	3	–	–	179
Arendstraat 13	High street shop	1994	1989	440	2	1	–	176
Oss								
Heschepad 49-51/Molenstraat 21-25	High street shop	1986	1983	2,803	3	–	–	331
Purmerend								
Hoogstraat 19/Zuidersteeg 16	High street shop	1993	1978	999	2	1	–	172
Kaasmarkt 7/Westersteeg 1	High street shop	1994	1920	135	1	1	–	54
Padjedijk 4/Barak 1	High street shop	1989	1900	82	1	1	–	26
Padjedijk 6-8	High street shop	1989	1800	257	2	–	–	56
Renkum								
Dorpsstraat 21-23	High street shop	1997	1907	520	1	–	–	53
Ridderkerk								
St. Jorisplein 30	High street shop	1994	1970	478	3	–	–	105
Roden								
Heerestraat 94	High street shop	1997	1967	260	2	–	–	55
Roermond								
Hamstraat 34-38/Veldstraat 19	High street shop	1998	1996	1,763	2	–	6	149
Retail Park Roermond	Retail warehouse	2008	2007	34,098	17	–	1,250	3,861
Schoenmakersstraat 2	High street shop	1994	1900	140	1	–	–	78
Steenweg 1/Schoenmakersstraat 6-18	High street shop	1986	1980	2,283	9	–	–	343
Roosendaal								
Nieuwe Markt 51	High street shop	1994	1960	200	1	–	–	53
Rotterdam								
Keizerswaard 73	Shopping centre	1996	1992	280	1	–	–	75
Korte Hoogstraat 22-26/Soetensteeg 1	High street shop	1993	1952	819	3	–	–	126
Lijnbaan 35-43	High street shop	1987	1955	880	4	–	–	234
Shopping centre Zuidplein Hoog	Shopping centre	94/10	1972	1,315	7	–	–	640
Zwart Janstraat 4	High street shop	1988	1892	96	1	3	–	48
Zwart Janstraat 8	High street shop	1988	1892	120	1	2	–	43
Zwart Janstraat 24	High street shop	1988	1892	83	1	2	–	39
Zwart Janstraat 34	High street shop	1991	1887	92	1	1	–	31
Zwart Janstraat 36-38	High street shop	1994	1887	200	1	4	–	86

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Zwart Janstraat 55-59	High street shop	1987	1950	272	4	4	–	102
Zwart Janstraat 58-60	High street shop	1992	1888	160	1	2	–	61
Zwart Janstraat 63	High street shop	1990	1893	70	1	1	–	24
Zwart Janstraat 71-73	High street shop	1994	1900	178	3	2	–	56
Zwart Janstraat 72	High street shop	1991	1888	95	1	2	–	32
Zwart Janstraat 84	High street shop	1994	1920	92	1	2	–	34
Schiedam								
Shopping centre Hof van Spaland[1)]	Shopping centre	96/97	70/78	552	3	–	–	128
Schoonhoven								
Lopikerstraat 27-29	High street shop	1998	1977	320	1	2	–	71
Sittard								
De Kemperkoul	Shopping centre	1993	1987	1,771	8	–	–	336
Sneek								
Oosterdijk 58	High street shop	1996	1940	75	1	–	–	39
Schaapmarktplein 4	High street shop	1994	1852	275	1	–	–	43
Spijkenisse								
Nieuwstraat 118-232	Shopping centre	2010	1981	2,832	19	–	–	902
Stadskanaal								
Europaplein 3	Shopping centre	1994	1970	160	1	–	–	42
Europaplein 20	Shopping centre	1993	1970	150	1	–	–	27
Europaplein 60 and 73	Shopping centre	1997	1983	246	2	–	–	65
Navolaan 12	Retail warehouse	1993	1968	2,080	5	–	–	134
Steenwijk								
Oosterstraat 22-26	High street shop	1994	1900	285	1	1	–	59
The Hague								
Frederik Hendriklaan 101-103	High street shop	1989	1995	90	1	3	–	66
Frederik Hendriklaan 128/ v. Beuningenstraat 48	High street shop	1987	1990	125	1	2	–	58
Gravenstraat 1	High street shop	1993	1916	374	1	–	–	73
Grote Markt 4	High street shop	1990	1900	964	1	–	–	207
Hoogstraat 24-26	High street shop	1988	1923	319	1	–	–	70
Hoogstraat 27-27a	High street shop	1986	1916	530	1	–	–	110
Korte Poten 10	High street shop	1989	1916	56	1	–	–	30
Korte Poten 13	High street shop	1990	1916	120	1	–	–	69
Korte Poten 42	High street shop	1987	1900	55	1	2	–	50
Korte Poten 46/Bleyenburg 35-37	High street shop	1990	1920	131	1	1	–	38
Lange Poten 7	High street shop	1989	1937	112	1	–	–	34
Lange Poten 21	High street shop	1989	1916	204	1	2	–	140
Noordeinde 9/Hartogstraat 1	High street shop	1988	1916	100	1	–	–	80
Noordeinde 16-18	High street shop	1989	1888	530	3	1	–	120
Noordeinde 48	High street shop	1988	1921	80	1	–	–	59
Noordeinde 54/Molenstraat 1	High street shop	1989	1919	90	1	1	–	75
Plaats 17 and 21	High street shop	1990	1916	415	3	–	–	131
Plaats 25	High street shop	1987	1920	517	–	–	–	70
Plein 10	High street shop	1988	1920	507	1	–	–	117
Plein 11	High street shop	1987	1917	276	2	–	–	83
Spuistraat 13	High street shop	1988	1930	662	1	–	–	350
Venestraat 43	High street shop	1989	1916	115	1	–	–	41
Vlamingstraat 43	High street shop	1995	1916	163	1	–	–	89
Tiel								
Waterstraat 29/Kerkstraat 2b	High street shop	1994	1850	70	1	1	–	47
Waterstraat 51a	High street shop	1994	1920	65	1	–	–	44

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Tilburg								
Heuvel 29-31/J. v. Stolbergstraat 2-6	High street shop	1994	1920	298	3	3	–	142
Shopping centre Westermarkt	Shopping centre	93/08	61/63	7,614	10	–	–	1,140
Uden								
Marktstraat 32	High street shop	1994	1958	420	1	1	–	121
Utrecht								
Achter Clarenburg 19	High street shop	1987	1975	91	1	–	–	48
Choorstraat 13	High street shop	1987	1900	139	1	1	–	62
Lange Elisabethstraat 6	High street shop	1987	1850	113	1	–	–	87
Lange Elisabethstraat 36	High street shop	1993	1850	188	1	–	–	100
Nachtegaalstraat 55	High street shop	1994	1904	2,116	2	2	–	295
Oudegracht 126-128	High street shop	1990	1930	209	2	1	–	67
Oudegracht 134-136/ Vinkenburgstraat 8 and 12-14	High street shop	1987	1900	2,482	9	5	–	579
Oudegracht 153	High street shop	1997	1904	819	3	–	–	214
Oudegracht 161	High street shop	1997	1900	1,963	4	–	–	559
Shopping centre Overvecht[1)]	Shopping centre	94/10	1970	5,374	13	–	–	1,584
Steenweg 9/Choorstraat 9-9bis	High street shop	1990	1900	578	2	3	–	157
Vaassen								
Dorpsstraat 22	High street shop	1990	1981	550	–	–	–	53
Veenendaal								
Hoofdstraat 25	High street shop	1990	1930	260	1	–	–	69
Hoofdstraat 40-42/Tuinstraat 95-97	High street shop	1988	1967	1,413	3	–	–	157
Veghel								
Kalverstraat 8-16	High street shop	1993	1988	446	3	3	–	103
Velp								
Hoofdstraat 77-79	High street shop	1997	1937	440	1	–	–	62
Venlo								
Lomstraat 30-32	High street shop	1993	1960	465	1	–	–	128
Lomstraat 33	High street shop	1994	1970	50	1	–	–	30
Venray								
Grotestraat 2-4/Grote Markt 2a-4	High street shop	1986	1946	1,166	4	–	–	161
Vriezenveen								
Westeinde 21-29	High street shop	1993	1938	2,611	9	–	80	294
Wassenaar								
Langstraat 188-190	High street shop	1990	1981	290	1	–	–	70
Winschoten								
Langestraat 22/Venne 109	High street shop	1994	1900	70	1	–	–	28
Langestraat 24	High street shop	1991	1960	430	1	–	–	63
Winterswijk								
Dingstraat 1-3	Retail warehouse	1998	1900	2,335	1	–	65	268
Misterstraat 8-10/Torenstraat 5a and 5c	High street shop	1996	1900	441	1	2	2	147
Misterstraat 12/Torenstraat 5b	High street shop	1991	1939	135	1	1	–	52
Misterstraat 14	High street shop	1991	1989	377	2	–	–	100
Misterstraat 33	High street shop	1999	1900	550	1	–	–	79
Weurden 2-4	High street shop	1998	1977	278	2	3	–	65
Wooldstraat 26	High street shop	1999	1900	603	2	–	–	86
Zaandam								
Gedempte Gracht 37/Rozengracht 90	High street shop	1993	1888	235	2	–	–	75
Gedempte Gracht 80/Vinkenstraat 41	High street shop	1993	1920	55	1	1	–	32

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Zeewolde								
Flevoplein 1-6	Shopping centre	1994	1991	2,033	5	–	–	310
Kerkplein 23/Torenstraat 3	High street shop	1997	1991	328	3	5	–	98
Kerkstraat 6-18	Retail warehouse	1997	1996	689	4	2	–	140
Zeist								
Slotlaan 194/Huydecoperweg 9a	High street shop	1999	1981	90	1	1	–	47
Zoetermeer								
Lijnbaan 285-297	Shopping centre	1994	1988	2,476	8	–	–	441
Zundert								
Markt 16a and 17-18	High street shop	1998	1965	1,062	3	–	–	139
Zutphen								
Beukerstraat 28	High street shop	1989	1800	296	1	–	–	50
Beukerstraat 40	High street shop	1989	1838	335	1	–	–	43
Zwijndrecht								
Shopping centre Walburg	Shopping centre	2011	1975	14,174	30	–	–	2,866
Zwolle								
Broerenstraat 7	High street shop	1994	1930	66	1	–	–	15
Diezerstraat 62	High street shop	1996	1910	95	1	–	–	84
Diezerstraat 78	High street shop	1990	1832	140	1	–	–	68
Kleine A 11-13/Broerenkerkplein 2-6	High street shop	1989	1989	1,050	1	3	–	203
Luttekestraat 26/Ossenmarkt 1a	High street shop	1990	1930	78	1	1	–	33
Roggenstraat 3	High street shop	1994	1800	104	1	–	–	33
Roggenstraat 6	High street shop	1987	1900	106	1	–	–	45
Total investment properties in operation the Netherlands				**290,995**	**758**	**287**	**2,439**	**55,484**
FRANCE								
Agen								
Boulevard de la République 36	High street shop	2001	1950	700	1	–	–	99
Alençon								
Rue de la Cave aux Boeufs 1-7/Rue de Cygne 12	High street shop	2001	1950	2,368	2	–	–	240
Amiens								
Rue des Trois Cailloux 7-9	High street shop	2000	1950	560	1	–	–	295
Angers								
Rue d'Alsace 9	High street shop	2001	1950	67	1	–	–	53
Rue Lenepveu 25-29	High street shop	1998	1990	4,664	5	–	–	972
Annecy								
Rue de Vaugelas 22	High street shop	2001	1950	60	1	–	–	17
Armentières								
Place du Général de Gaulle 31	High street shop	2007	1945	180	1	–	–	26
Arras								
Rue Ernestale 31-35	High street shop	2006	1920	947	3	–	–	397
Augny								
Rue du Bois d'Orly 23	Retail warehouse	2008	2005	1,570	2	–	–	183
Rue du Bois d'Orly 32	Retail warehouse	2007	1990	2,116	1	–	–	159
Aulnoye-Aymeries								
Anatole France 45	High street shop	2007	1945	137	1	–	–	13
Rue Ampère 9	Other	2007	1950	–	–	1	–	3

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Besançon								
Grande Rue 22/Place Pasteur 3	High street shop	2001	1950	104	2	–	–	76
Bordeaux								
Allée de Tourny 50	High street shop	2011	1900	584	3	1	–	96
Cours de l'Intendance 12	High street shop	2011	1900	948	3	3	–	194
Cours de l'Intendance 47	High street shop	2011	1900	810	3	3	–	195
Cours Georges Clémenceau 12	High street shop	2011	1900	360	1	2	–	187
Rue Sainte Catherine 20	High street shop	2011	1900	591	1	14	–	208
Rue Sainte Catherine 27-31	High street shop	2011	1900	967	4	3	–	485
Rue Sainte Catherine 35-37	High street shop	2011	1900	343	1	–	–	222
Rue Sainte Catherine 39	High street shop	2011	1900	335	1	1	–	128
Boulogne sur Mer								
Rue Adolphe Thiers 29	High street shop	2001	1950	246	1	–	–	39
Bourges								
Rue de Mirebeau 14	High street shop	2001	1950	50	1	–	–	24
Rue de Mirebeau 16	High street shop	2001	1950	71	1	–	–	34
Brest								
Rue de Siam 70	High street shop	2000	1950	818	1	–	–	98
Cannes								
Rue d'Antibes 40	High street shop	2000	1950	948	1	–	–	342
Carcassonne								
Place Carnot 16	High street shop	2001	1950	90	1	–	–	22
Chambéry								
Place Saint-Léger 228	High street shop	2001	1950	40	1	–	–	53
Charleville-Mézières								
Rue de la République 35-37	High street shop	2001	1950	105	1	–	–	50
Chaumont								
Rue de la Victoire de la Marne 28-42	High street shop	2001	1950	1,370	3	–	–	176
Dax								
Rue des Carmes 7-9	High street shop	2001	1950	248	1	–	–	56
Dieppe								
Grande Rue 84-86	High street shop	2001	1950	100	1	–	–	54
Dijon								
Rue du Bourg 39bis/Rue Jules Mercier 20bis	High street shop	2001	1950	40	1	–	–	36
Douai								
Avenue Georges Clemenceau 21	High street shop	2007	1900	318	1	–	–	10
Dunkirk								
Centre Commercial Centre Marine 1)	Shopping centre	2005	2000	10,263	20	–	–	2,006
Ferrière-la-Grande								
Avenue Georges Clemenceau 1	Other	2007	1970	–	–	20	–	95
Frouard								
Rue du Bois 12	Retail warehouse	2006	1996	1,155	1	–	–	116
Grenoble								
Grande Rue 11	High street shop	2001	1950	73	1	–	–	22
Rue des Clercs 18	High street shop	2001	1950	75	1	–	–	24
La Garde								
ZAC Quatre Chemins de la Pauline	Retail warehouse	2007	2005	1,967	5	–	89	410
Laval								
Rue du Général de Gaulle 41/Rue de Rennes 14	High street shop	2001	1950	450	1	–	–	58
Le Touquet-Paris-Plage								
Rue de Metz 73	High street shop	2007	1950	260	1	–	–	9

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Lille								
Avenue Lelièvre 364	Other	2007	1890	–	–	1	–	2
Boulevard de la Liberté 62	High street shop	2007	1945	79	1	–	–	19
Parc Notre Dame 6	Other	2007	1890	–	–	1	–	6
Place de Béthune 13	High street shop	2007	1950	155	1	–	–	119
Place de la Gare 8	High street shop	2007	1945	314	1	–	–	20
Place de la Gare 42	High street shop	2007	1945	196	1	–	–	55
Place de la République 4bis	High street shop	2007	1945	162	1	–	–	25
Place des Patiniers 1bis	High street shop	2007	1900	112	1	–	–	48
Place des Patiniers 2	High street shop	2007	1945	132	1	–	–	73
Place des Reignaux 16	High street shop	2007	1950	290	1	–	–	29
Place du Lion d'Or 9	High street shop	2007	1870	150	1	–	–	16
Place Louise de Bettignies 15-17	High street shop	2007	1870	352	1	–	–	192
Rue Basse 8	High street shop	2007	1930	293	1	–	–	52
Rue de la Barre 8	High street shop	2007	1987	47	–	–	–	19
Rue de la Grande Chaussée 25	High street shop	2007	1870	200	1	–	–	164
Rue de la Grande Chaussée 29	High street shop	2007	1870	236	1	1	–	84
Rue de la Grande Chaussée 33-35	High street shop	2007	1870	429	1	–	–	172
Rue de la Monnaie 2/ Place Louise de Bettignies 11-14	High street shop	2007	1870	240	1	4	–	304
Rue de la Monnaie 4	High street shop	2007	1870	103	1	–	–	87
Rue de la Monnaie 6	High street shop	2007	1870	126	1	–	–	66
Rue de la Monnaie 6bis	High street shop	2007	1870	83	1	–	–	48
Rue de la Monnaie 12	High street shop	2007	1870	168	1	–	–	43
Rue de la Monnaie 13	High street shop	2007	1870	85	1	–	–	79
Rue de la Monnaie 83	High street shop	2007	1870	68	1	–	–	22
Rue de Paris 20	High street shop	2007	1870	336	–	–	–	82
Rue de Paris 38	High street shop	2007	1870	100	1	–	–	59
Rue de Paris 42	High street shop	2007	1870	200	1	–	–	101
Rue des Chats Bossus 13	High street shop	2007	1870	418	1	–	–	150
Rue des Chats Bossus 21	High street shop	2007	1870	168	1	–	–	161
Rue des Ponts de Comines 30	High street shop	2007	1945	197	1	–	–	67
Rue des Ponts de Comines 31	High street shop	2007	1945	179	1	–	–	11
Rue des Ponts de Comines 32	High street shop	2007	1945	267	1	–	–	172
Rue Destailleurs 56	Other	2007	1890	–	–	1	–	1
Rue du Curé Saint-Etienne 6	High street shop	2007	1950	153	1	–	–	26
Rue du Curé Saint-Etienne 17	High street shop	2007	1870	172	1	–	–	80
Rue du Faisan 6	High street shop	2007	1950	105	1	–	–	20
Rue du Général de Wett 1	Other	2007	1960	–	–	2	–	12
Rue du Sec Arembault 24	High street shop	2007	1945	78	1	–	–	57
Rue Faidherbe 28-30	High street shop	2007	1945	102	1	–	–	77
Rue Faidherbe 32-34/ Rue des Ponts de Comines 19bis	High street shop	2007	1945	676	1	4	–	284
Rue Faidherbe 38	High street shop	2007	1945	59	–	–	–	35
Rue Faidherbe 42	High street shop	2007	1945	86	1	–	–	5
Rue Faidherbe 44	High street shop	2007	1945	142	–	–	–	61
Rue Faidherbe 48	High street shop	2007	1945	135	1	–	–	84
Rue Faidherbe 50	High street shop	2007	1945	308	–	–	–	90
Rue Faidherbe 54	High street shop	2007	1945	176	1	–	–	74
Rue Gay-Lussac 17-19	Other	2007	1900	–	–	20	–	188
Rue Léon Gambetta 32	High street shop	2007	1945	88	1	–	–	22

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Rue Léon Gambetta 163	High street shop	2007	1945	101	1	–	–	22
Rue Léon Gambetta 236	High street shop	2007	1950	115	1	–	–	36
Rue Léon Thiriez 98	Other	2007	1890	–	–	1	–	4
Square Dutilleul	Other	2007	2008	–	–	–	1	1
Limoges								
Centre Commercial Beaubreuil	Shopping centre	2001	1980	4,452	14	–	–	544
Centre Commercial Limoges Corgnac	Shopping centre	2006	2006	5,407	13	–	–	1,480
Lyon								
Rue Victor Hugo 5	High street shop	2001	1950	90	1	–	–	69
Mâcon								
Rue Carnot 111/Rue Rameau 39	High street shop	2001	1950	160	1	–	–	82
Rue Philibert Laguiche 11-13/ Place aux Herbes 53-56	High street shop	2001	1950	1,148	1	–	–	81
Marseille								
Rue Saint Ferréol 29	High street shop	2006	1980	249	1	–	–	204
Nancy								
Rue Saint-Jean 44-45	High street shop	1998	1990	4,794	6	–	–	1,714
Nice								
Avenue Jean Médecin 8bis/ Rue Gustave Deloye 5	High street shop	2001	1950	362	1	–	–	191
Route de Grenoble 604	Retail warehouse	1999	1990	2,067	1	–	–	568
Paris								
Boulevard Saint-Germain 104	High street shop	1998	1950	1,278	1	–	–	746
Rue d'Alésia 123	High street shop	2006	1956	420	1	–	1	305
Rue de Rivoli 118-120	High street shop	1998	1997	3,341	8	8	5	3,420
Rue Montmartre 17	High street shop	2006	2003	270	1	–	–	170
Roanne								
Rue Bourgneuf 18/Passage Bourgneuf 7/ Rue Charles de Gaulle 51-53	High street shop	2001	1950	1,642	3	3	–	165
Roncq								
Avenue de l'Europe 20	Retail warehouse	2007	2000	2,700	1	–	–	165
Roubaix								
Grande Rue 21	High street shop	2007	1900	1,059	1	–	–	112
Grande Rue 56ter	High street shop	2007	1900	40	–	–	–	6
Place de la Liberté 2	High street shop	2007	1900	52	1	–	–	3
Saint-Étienne								
Rue Saint-Jean 27	High street shop	2001	1950	60	1	–	–	11
Seclin								
Rue de l'Industrie 32	Retail warehouse	2007	2000	2,277	1	–	–	240
Soissons								
Rue Saint-Martin 57	High street shop	2001	1950	400	1	–	–	59
Thoiry								
Centre Commercial Val Thoiry	Shopping centre	1998	2000	14,825	62	–	–	5,570
Centre Commercial Val Thoiry 2	Retail warehouse	2009	2009	8,590	1	–	–	399
Thonon-les-bains								
Rue des Arts 16	High street shop	2001	1950	220	1	–	–	90
Toulon								
Rue Jean Jaurès 82/Rue Racine 11	High street shop	2000	1950	1,609	2	–	–	163
Tourcoing								
Place de Charles et Albert Roussel 32-33	High street shop	2007	1950	126	1	9	–	64

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Troyes								
Rue Emile Zola 113	High street shop	2006	2006	359	1	–	–	186
Rue Emile Zola 117	High street shop	2001	1950	360	1	–	–	171
Valence								
Avenue Victor Hugo 25/Rue Pasteur 1-3	High street shop	2001	1950	200	1	–	–	61
Vichy								
Rue Georges Clemenceau 12/Rue Ravy-Breton 2	High street shop	2001	1950	1,437	2	–	–	179
Total investment properties in operation France				**105,473**	**254**	**103**	**96**	**28,926**
SPAIN								
Alicante								
Parque Vistahermosa	Retail warehouse	1999	2002	34,609	8	–	1,387	4,536
Badalona								
Centro Comercial Montigalá	Shopping centre	1998	1991	11,396	54	–	2,618	3,394
Barcelona								
Ronda de la Universitat 35	High street shop	2000	< 1950	645	1	–	–	191
Burgos								
Centro Comercial El Mirador	Shopping centre	99/01	1997	9,832	43	–	1,500	2,338
Castellón de la Plana								
Calle Grecia 4	Retail warehouse	2001	2003	5,109	1	–	–	736
Leon								
Avenida Ordoño II 18	High street shop	2001	< 1950	591	1	–	–	235
Madrid								
Calle de Fuencarral 23	High street shop	2006	< 1950	256	1	–	–	324
Calle de Fuencarral 25	High street shop	2006	< 1950	120	1	–	–	148
Calle Serrano 36	High street shop	1999	< 1950	615	1	–	–	573
Calle Tetuân 19/Calle Carmen 3	High street shop	2002	< 1950	429	1	–	–	516
Centro Comercial Getafe III	Shopping centre	2006	2006	20,328	50	–	1,446	3,381
Centro Comercial Las Rosas	Shopping centre	99/01	1998	8,254	90	–	1,800	4,110
Centro Comercial Madrid Sur	Shopping centre	2003	1998	23,405	67	–	2,500	5,451
Málaga								
Centro Comercial La Rosaleda	Shopping centre	1998	1993	15,336	73	–	3,200	4,898
Plaza de la Constitución 9	High street shop	2010	< 1950	279	1	–	–	311
Murcia								
Centro Comercial Las Atalayas	Shopping centre	99/01	1993	10,342	39	–	2,222	3,151
Total investment properties in operation Spain				**141,546**	**432**	**–**	**16,673**	**34,293**
BELGIUM[3)]								
Aalst								
Albrechtlaan 56[1)]	Retail warehouse	2000	> 1980	1,000	1	–	–	74
Brusselsesteenweg 41	Retail warehouse	2007	> 1980	770	1	–	–	74
Nieuwstraat 10	High street shop	1998	< 1950	151	1	–	–	73
Aartselaar								
Antwerpsesteenweg 13/4	Retail warehouse	2000	> 1980	1,334	1	–	–	117

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Andenne								
Avenue Roi Albert 137-139	Retail warehouse	1999	> 1980	5,809	6	–	–	497
Ans								
Rue de Français 393	Retail warehouse	1999	> 1980	3,980	10	–	–	388
Antwerp								
Abdijstraat 29	High street shop	1995	< 1950	198	1	–	–	37
Abdijstraat 82-84	High street shop	1995	< 1950	167	1	2	–	55
De Keyserlei 47	High street shop	2000	< 1950	62	1	–	–	50
De Keyserlei 49	High street shop	2000	< 1950	102	1	–	–	64
Frankrijklei 27	High street shop	1993	< 1950	654	1	1	–	87
Groendalstraat 11	High street shop	2000	< 1950	48	1	–	–	28
Huidevettersstraat 12	High street shop	1994	< 1950	721	1	–	–	295
Korte Gasthuisstraat 27	High street shop	2000	< 1950	145	1	–	–	124
Leysstraat 17	High street shop	2000	< 1950	325	1	2	–	182
Leysstraat 28-30	High street shop	1997	< 1950	1,705	2	5	–	850
Meir 99	High street shop	1996	< 1950	583	1	–	–	462
Schuttershofstraat 24/Kelderstraat 7	High street shop	2000	< 1950	106	1	–	–	98
Schuttershofstraat 30	High street shop	2000	< 1950	66	1	–	–	77
Schuttershofstraat 32/Arme Duivelstraat 2	High street shop	2000	< 1950	54	1	–	–	64
Balen								
Molsesteenweg 56	Retail warehouse	1999	> 1980	1,871	3	–	–	153
Beaumont								
Rue G. Michiels 40	Retail warehouse	1998	> 1980	1,113	1	–	–	110
Boechout								
Hovesesteenweg 123-127	Retail warehouse	2002	> 1980	1,230	1	–	–	102
Borgloon								
Sittardstraat 10	Retail warehouse	1999	> 1980	996	2	–	–	61
Bree								
Toleikstraat 30	Retail warehouse	1999	> 1980	855	1	–	–	61
Bruges								
Maalsesteenweg 142	Retail warehouse	2007	> 1980	600	1	–	–	67
Steenstraat 80	High street shop	1998	< 1950	2,058	2	–	–	931
Brussels								
Elsensesteenweg 16	High street shop	1996	< 1950	1,325	3	–	–	258
Elsensesteenweg 41-43	High street shop	1998	< 1950	6,577	7	–	–	1,694
Louizalaan 7	High street shop	2000	< 1950	245	1	–	–	386
Nieuwstraat 98	High street shop	2001	< 1950	150	1	–	–	221
Chênée								
Rue de la Station 23	Retail warehouse	2002	50/80	2,933	3	–	–	252
Diest								
Hasseltsestraat 15	High street shop	1998	< 1950	198	1	–	–	48
Dilsen								
Rijksweg 17 nr. 770	Retail warehouse	1999	> 1980	992	1	–	–	82
Drogenbos								
Nieuwe Stallestraat 217	Retail warehouse	2007	> 1980	530	1	–	–	77
Flémalle								
Rue de la Fabrique 6	Retail warehouse	2002	> 1980	2,887	5	–	–	235
Froyennes								
Rue des Roselières 6	Retail warehouse	2000	> 1980	950	1	–	–	106

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Genk								
Guillaume Lambertlaan 115	Retail warehouse	1999	> 1980	3,109	6	–	–	228
Hasseltweg 74	Retail warehouse	2002	> 1980	2,331	4	–	–	234
Ghent								
Veldstraat 81/Zonnestraat 6-10	High street shop	1998	< 1950	2,966	5	–	–	583
Volderstraat 15	High street shop	1993	< 1950	279	1	–	–	159
Grivegnée								
Boulevard de Froidmont 29	Retail warehouse	2007	> 1980	1,100	2	–	–	113
Rue Servais Malaise	Retail warehouse	2002	> 1980	2,000	1	–	–	134
Hasselt								
Genkersteenweg 76	Retail warehouse	1999	> 1980	996	2	–	–	101
Genkersteenweg 215-219	Retail warehouse	2007	> 1980	1,745	2	–	–	179
Genkersteenweg 282	Retail warehouse	2000	> 1980	2,240	2	–	–	116
Heusden-Zolder								
Inakker	Retail warehouse	2002	> 1980	1,019	2	–	–	72
Hoboken								
Zeelandstraat 6-8	Retail warehouse	2002	> 1980	2,490	2	–	–	235
Huy								
Rue Joseph Wauters 3[1)]	Retail warehouse	2007	> 1980	1,000	2	–	–	89
Jemappes								
Avenue Wilson 510	Retail warehouse	2007	> 1980	900	2	–	–	81
Kampenhout								
Mechelsesteenweg 38-42	Retail warehouse	1999	> 1980	3,322	3	–	–	220
Korbeek-Lo								
Tiensesteenweg 378[1)]	Retail warehouse	2007	> 1980	990	1	–	–	109
Kuurne								
Ringlaan 12	Retail warehouse	2007	> 1980	1,336	2	–	–	70
La Louvière								
Avenue de la Wallonie 1	Retail warehouse	2007	> 1980	1,620	2	–	–	148
Rue Albert 1er 84-86	High street shop	2000	< 1950	198	1	–	–	72
Leopoldsburg								
Lidostraat 7	Retail warehouse	1999	> 1980	1,850	1	–	–	132
Leuven								
Bondgenotenlaan 69-73	High street shop	2001	< 1950	1,495	2	–	–	646
Liège								
Rue Pont d'Ile 35	High street shop	1998	< 1950	80	1	–	–	80
Rue Pont d'Ile 45	High street shop	1998	< 1950	55	1	–	–	71
Rue Pont d'Ile 49	High street shop	1998	< 1950	375	1	–	–	220
Malmédy								
Avenue des Alliés 14b	Retail warehouse	1999	> 1980	813	1	–	–	59
Mechelen								
Bruul 39-41	High street shop	2000	< 1950	361	2	–	–	198
Bruul 42-44	High street shop	2001	< 1950	2,948	2	–	–	689
Merksem								
Bredabaan 474-476	High street shop	1998	50/80	467	1	–	–	80
Moeskroen								
Petite Rue 18	High street shop	1998	< 1950	235	1	–	–	48
Mons								
Chaussée de Binche 101	Retail warehouse	2000	> 1980	1,000	1	–	–	90
Grand Rue 19	High street shop	2000	< 1950	185	1	–	–	82
Rue de la Chaussée 31-33	High street shop	1998	< 1950	447	2	1	–	152

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
Montignies-sur-Sambre								
Rue de la Persévérance 14	Retail warehouse	2007	> 1980	750	1	–	–	64
Mortsel								
Statielei 71-73	High street shop	1998	50/80	430	2	–	–	146
Namur								
Place de l'Ange 4	High street shop	2011	50/80	2,331	11	–	23	682
Overpelt								
Burgemeester Laenenstraat 3	Retail warehouse	2002	> 1980	877	2	–	–	88
Philippeville								
Rue de France	Retail warehouse	1999	> 1980	3,689	6	–	–	344
Schaarbeek								
Leuvensesteenweg 610-640	Retail warehouse	1999	> 1980	2,964	4	–	–	361
Schelle								
Provinciale Steenweg 453-455	Retail warehouse	99/02	> 1980	2,962	7	–	–	223
Scherpenheuvel								
Mannenberg 26	Retail warehouse	1999	> 1980	600	1	–	–	81
Sint-Job-in-'t-Goor								
Handelslei 10	Retail warehouse	2002	> 1980	600	1	–	–	70
Sint-Niklaas								
Kapelstraat 101	Retail warehouse	2007	> 1980	740	1	–	–	26
Sint-Pieters-Leeuw								
Bergensesteenweg 458	Retail warehouse	2007	> 1980	750	1	–	–	77
Tielt-Winge								
Retailpark Gouden Kruispunt	Retail warehouse	99/02	> 1980	18,861	22	–	–	1,798
Tienen								
Slachthuisstraat 36	Retail warehouse	2002	> 1980	4,984	7	–	–	496
Tongres								
Shopping centre Julianus	Shopping centre	2008	> 1980	8,459	17	–	–	883
Turnhout								
Gasthuisstraat 5-7	High street shop	2001	< 1950	1,269	1	–	–	335
Gasthuisstraat 32	High street shop	1996	< 1950	1,743	–	–	–	275
Vilvoorde								
Leuvensestraat 43	High street shop	1998	< 1950	1,338	1	–	–	202
Luchthavenlaan 5	Retail warehouse	1999	> 1980	6,345	3	–	–	561
Mechelsesteenweg 48	Retail warehouse	1999	> 1980	7,936	12	1	–	746
Waterloo								
Chaussée de Bruxelles 284	Retail warehouse	1993	50/80	1,198	1	–	–	125
Wavre								
Boulevard de l'Europe 41	Retail warehouse	2007	> 1980	860	1	–	–	135
Rue du Commerce 26	High street shop	1998	< 1950	242	1	–	–	58
Rue du Pont du Christ 46/Rue Barbier 15	High street shop	1998	< 1950	319	2	–	–	126
Westerlo								
Hotelstraat 2A-B	Retail warehouse	2007	> 1980	1,000	2	–	–	89
Wilrijk								
Boomsesteenweg 643-645	Retail warehouse	2000	50/80	1,463	3	–	–	180
Boomsesteenweg 666-672	Retail warehouse	2000	> 1980	4,884	4	–	–	523
Total investment properties in operation Belgium				**161,036**	**243**	**12**	**23**	**22,724**

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of apartments	Number of parking spaces	Theoretical rental income (x € 1,000)
TURKEY								
Istanbul								
Bahariye Caddesi 58	High street shop	2009	1985	400	1	-	-	207
Bahariye Caddesi 66b	High street shop	2009	2005	195	1	-	-	143
Istiklal Caddesi 18	High street shop	2007	1980	1,170	1	-	-	523
Istiklal Caddesi 98	High street shop	2007	1920	530	1	-	-	314
Istiklal Caddesi 119	High street shop	2009	1950	495	3	-	-	402
Total investment properties in operation Turkey				**2,790**	**7**	**-**	**-**	**1,589**
PORTUGAL								
Barcelos								
Rua Porta Nova 41	High street shop	2002	< 1950	128	1	-	-	28
Braga								
Avenida Central 78-80	High street shop	2002	< 1950	471	1	-	-	115
Lisbon								
Rua Damião de Góis 41-44d	High street shop	2002	< 1950	150	1	-	-	52
Rua do Carmo 100-102/ Rua do Ouro 287 and 291-295	High street shop	2002	< 1950	1,139	5	-	-	390
Rua Morais Soares 93	High street shop	2002	< 1950	257	1	-	-	71
Porto								
Praça Marquês Pombal 152	High street shop	2002	< 1950	437	1	-	-	76
Praça Mouzinho de Alburquerque 119-124	High street shop	2002	< 1950	148	1	-	-	47
Rua de Brito Capelo 160	High street shop	2002	< 1950	164	1	-	-	51
Rua Santa Caterina 325-329	High street shop	2002	< 1950	529	1	-	-	180
Total investment properties in operation Portugal				**3,423**	**13**	**-**	**-**	**1,010**
Total investment properties in operation				**705,263**	**1,707**	**402**	**19,231**	**144,026**

1 Land on long lease.
2 Vastned Retail holds a 50% interest.
3 All Belgian properties are held directly by Intervest Retail, in which Vastned Retail has a 72.4% interest at year-end 2011.
4 Retail warehouses include retail parks and other retail investments properties.

EXPLANATORY NOTES TO THE PROPERTY PORTFOLIO IN OPERATION

The theoretical rental income as at 31 December 2011 (including performance-linked rents, mall income and other rent) consists of the rental income assuming full occupancy.

- In the Netherlands, virtually all leases are concluded for a period of five years, the tenant having one or more options to extend the lease by five years. Annual rent increases are based on the cost-of-living index.
- In Spain, virtually all leases are concluded for a minimum period of five years. Annual rent increases are based on the cost-of-living index.
- In France, leases are normally concluded for a period of nine or twelve years, the tenant having the option of terminating or renewing the lease every three years. Annual rent increases are based on the rise in the cost-of-construction index or on a combination of the cost-of-construction index, the cost-of-living index and retail prices.
- In Belgium, leases are normally concluded for a period of nine years, with termination options after three and six years. Annual rent increases are based on the cost-of-living index.
- In Turkey, leases are normally concluded for a period of five years. All leases concluded by Vastned in Turkey are denominated in euros and are increased on the basis of specific agreements.
- In Portugal there are two kinds of lease legislation. Under the 'old' legislation, leases are concluded for an indefinite period and in principle may only be terminated by the tenant. The rules that apply under the 'new' legislation are comparable to the Spanish rules, which means that leases are generally concluded for a minimum period of five years and that annual rent increases are based on the cost-of-living index. These rules are increasingly being applied, especially to internationally oriented tenants.

During times of economic uncertainty, the number of leases with deviating terms increases.

Appraisers

- CBRE in Brussels
- Cushman & Wakefield in Amsterdam, Brussels, Madrid and Paris
- De Crombrugghe & Partners in Brussels
- DTZ Pamir & Soyuer in Istanbul
- DTZ Zadelhoff in Amsterdam
- Jones Lang Lasalle in Lisbon and Madrid
- Retail Consulting Group in Paris

OTHER INVESTMENT PROPERTIES

Country / City / Location	Type of property	Year of acquisition	Lettable floor space (sqm)	Investment (x € 1 million)	Net initial yield
INVESTMENT PROPERTIES IN PIPELINE					
THE NETHERLANDS					
Houten					
Spoorhaag 130-134 / Achterom 1-5 [1]	Shopping centre	2007	2,575	4.1	–
Lelystad					
De Promesse 3–5 and 111	Retail warehouse	2009	1,313	2.6	5.3%
FRANCE					
Arras					
Rue Ernestale 35 / Rue de Collège [1]	Other	2006	–	0.7	–
Plaisir-Sablons					
'Centre Commercial 'Plaisir-Sablons' [1]	Shopping centre	1999	27,000	70.0	6.5%
TURKEY					
Istanbul					
Abdi İpekçi Cadessi 41	High street shop	2011	1,975	19.3	7.0%
Istiklal Caddesi 85	High street shop	2010	3,300	26.6	6.9%
Istiklal Caddesi 161	High street shop	2010	2,800	33.0	6.7%

1 Uncommitted

KEY FIGURES PROPERTY PORTFOLIO

	Netherlands	France	Spain	Belgium	Turkey	Portugal	Total
Number of tenants1)	758	254	432	243	7	13	1,707
Theoretical annual rental income (x € 1 million)2)	55.5	28.9	34.3	22.7	1.6	1.0	144.0
Market rent (x € 1 million)2)	57.8	30.4	31.7	23.0	1.8	0.9	145.6
(Over)/underrent (in %)	3.9	4.8	(8.3)	1.4	13.4	(14.1)	1.1
Average occupancy rate (in %)	96.6	94.4	92.6	97.6	96.0	100.0	95.4
Occupancy rate at year-end (in %)	96.5	94.3	92.4	96.6	100.0	100.0	95.1
Number of properties (including pipeline)	307	125	16	94	8	9	559
Investments property including pipeline (x € 1 million)	792	475	412	334	104	12	2,129
Investments property including pipeline (in %)	37	22	19	16	5	1	100
Average size per property including pipeline (x € 1 million)	2.6	3.8	25.8	3.6	13.0	1.4	3.8
Lettable floor area including pipeline (x 1,000 sqm)	295	132	142	161	11	3	744
Gross yield (in %)	7.0	6.2	8.3	6.8	5.4	8.1	7.1
Net yield (in %)	6.1	5.8	7.7	6.3	5.1	7.2	6.4
Sector spread including pipeline (in %)							
High street shops	53	58	12	54	100	100	49
Shopping centres	34	32	77	4	–	–	35
Retail warehouses	12	7	11	42	–	–	15
Other	1	3	–	–	–	–	1
Average rent per sqm (x € 1)							
High street shops	238	340	783	329	570	295	287
Shopping centres	204	275	270	104	–	–	239
Retail warehouses	101	100	133	91	–	–	101
Other	127	123	–	–	–	–	125
Regional spread (in %)							
Super cities	11	43	64	12	100	47	31
Large cities	22	14	35	31	–	30	24
Medium-sized cities	29	16	–	19	–	5	18
Small cities	38	27	1	38	–	18	27
Average occupancy rate at year-end (in %)							
High street shops	97.3	97.0	100.0	95.1	100.0	100.0	97.1
Shopping centres	97.0	92.5	93.3	90.0	–	–	94.1
Retail warehouses	92.9	100.0	84.5	98.5	–	–	94.2
Other	82.7	38.7	–	–	–	–	57.6

1 Excluding apartments and parking spaces.
2 Including other income (lease of public spaces of shopping centres).

INDUSTRY SPREAD TOTAL PROPERTY PO

NON-FOOD 59%

RTFOLIO


FOOD 19%
Zo vers en v
Wit- of
Tarwe
Stokbrood


HOME AND
GARDEN 9%


OTHER 13%
Banesto


repetto
PARIS