

22 May 2014

TRADING UPDATE Q1 2014

Vastned's premium city strategy improves occupancy rate

Key points Q1 2014:

- Occupancy rate increases from 94.0% year-end 2013 to 96.5% as of 31 March 2014 (premium city high street shops: 99.1%)
- Vastned signed 31 leases in Q1 representing € 2.2 million
- Disposal of Spanish shopping centres/galleries successfully finalised
- (Other) divestments in Q1 2014: € 48.7 million
- Vastned increases the share of non-bank financing through successful placement of €110 million convertible bond

Rotterdam, 22 May 2014 – Vastned, the European retail property investment fund focusing on venues for premium shopping, has improved its occupancy rate to 96.5% at the end of Q1 2014. Vastned has also made good progress in the execution of its high street strategy focusing on growth in premium cities by divesting non-core assets for € 48.7 million. Additionally good progress was made in further increasing the share of non-bank loans through the successful placement of € 110 million in convertible bonds.

Taco de Groot, Chief Executive Officer van Vastned: "*Vastned's strategy focuses on growth in premium city high street shops. These are locations where consumers prefer to shop and retailers make money, also in less favourable economic times. Our first quarter results show that premium city high street shops continue to perform well. The occupancy rate in our premium cities at the end of the first quarter was strong at 99.1%. We have also realised rent increases of some 7% on average in the past quarter on leases concluded in these locations, including attractive leases with Topshop in Istanbul and Credo Men's Fashion in The Hague. 31 leases were concluded for € 2.2 million in total.*

In the first quarter we successfully finalised the sale of the Spanish shopping centres/galleries for € 160 million. Also, at the beginning of this year we sold a large number of non-core assets in France for € 45 million. In total we sold almost € 50 million in non-core assets, as a result of which the quality of the entire portfolio increased and the occupancy rates of the high street and non-high street shops rose to 95.1% and 94.0% respectively. We will use the sales proceeds to maintain a solid balance sheet and for acquisitions of premium city high street shops. We are seeing sufficient investment opportunities in the market. We will remain highly critical and selective in our

investment policy, but we expect to be able to raise our exposure to premium city high street shops further through acquisitions.

In financing, too, we have made good progress on the execution of our strategy. With the successful placement of the convertible bond in early April, the share of non-bank loans increased to over 30% of the total loan portfolio - comfortably above the 25% threshold we had set ourselves.

For the remainder of the year we will continue our high street strategy aimed at growth in premium cities pragmatically and step by step, focusing on premium city acquisitions, optimisation of non-high street shops and attracting strong national and international retainers."

REVIEW OF THE PROPERTY PORTFOLIO

Introduction

The property portfolio of Vastned amounts to € 1.5 billion at the end of Q1 2014, of which 52% is invested in premium city high street shops, 24% in high street shops and 24% in non high street shops, based on the latest book values.

Property portfolio



Occupancy rate

The occupancy rate of the total portfolio rose from 94.0% at year-end 2013 to 96.5% as at 31 March 2014. The occupancy rate of premium city high street shops remained stable at 99.1% (year-end 2013: 99.2%). The small difference was mainly due to office space above McDonald's on Oudegracht in Utrecht being vacated. In the other countries, Vastned managed to raise the occupancy rate of the premium city high street shops, or maintain it at 100%.

Due to the divestment of the Spanish shopping centres/galleries and the retail park, and the sale of the non-core assets in France which had relatively high vacancy, the occupancy rates of the total portfolio of high street shops and non-high street shops increased to 95.1% and 94.0% respectively. In France the occupancy rate of the high street shops rose to 100%.

Occupancy rate at Q1 2014 compared to year-end 2013

Year-end 2013

in %		Premium city high street shops	High street shops	Non-high street shops
	Totaal			
Netherlands	96.8	98.9	95.5	96.4
France	95.4	99.2	95.7	76.1
Belgium	95.4	98.6	89.0	95.8
Spain/Portugal	86.6	100.0	100.0	84.9
Turkey	100.0	100.0	n.v.t.	n.v.t.
<i>Total</i>	94.0	99.2	94.7	89.7

End of Q1 2014

in %		Premium city high street shops	High street shops	Non-high street shops
	Total			
Netherlands	96.1	97.8	95.2	95.8
France	96.8	99.9	100.0	72.9
Belgium	95.3	98.7	89.7	95.2
Spain/Portugal	100.0	100.0	100.0	100.0
Turkey	100.0	100.0	n.v.t.	n.v.t.
Total	96.5	99.1	95.1	94.0

Leasing activity

In total, Vastned concluded 31 leases for € 2.2 million in the first quarter of 2014, or 2.2% of the total theoretical gross rental income. Despite the average rent increases on premium city high street shops and high street shops of 7.4% and 6.7% respectively, on average, leases were concluded at 4.6% lower rents. This decrease was mainly due to two leases in the shopping centre in Tongres, Belgium and two leases in the shopping centre in Limoges, France. These are shopping centres that are under pressure from the polarisation in the retail landscape, whereby retailers opt for the best retail locations.

Leasing activity in Q1 2014

	Volume in € and % of the gross rental income		Q1 2014
	€ million	%	Change in gross rental income in %
Netherlands	1.1	2.5	8.7
France	0.1	0.6	(58.1)
Belgium	0.3	1.4	(16.7)
Spain/Portugal	-	-	-
Turkey	0.6	7.4	4.6
<i>Total</i>	2.2	2.2	(4.6)



Credo Men's fashion, Hoogstraat 27, The Hague

In total, Vastned signed five leases for € 0.8 million for premium city high street shops and 13 leases totalling € 0.9 million for high street shops in the first quarter. These included several long-term leases with strong retailers such as Mango for Rechtestraat 44-48 in Eindhoven, health chain De Tuinen for Beukerstraat 28 in Zutphen and Credo Men's Fashion for Hoogstraat 27 in The Hague.

In Istanbul, the lease with international fashion retailer Topshop was renewed.

With these leases Vastned improved the quality of its tenant base, the occupancy rate of its portfolio and realised attractive rent increases.

Acquisitions

No properties were acquired in the first quarter of 2014.

Divestments

In the first quarter of 2014, Vastned made divestments for € 48.7 million, which was on average 2.6% below the value at year-end 2013. The divestments helped to further improve the quality of Vastned's property portfolio. The share of premium high street shops rose to 52% as at 31 March 2014 based on the latest appraisals.

Netherlands

In the Netherlands, the divestments totalled € 0.6 million, which included a shop in the small town of Vaassen and vacant office space in Houten.

France

Vastned sold 29 non-core assets for € 44.7 million after deduction of sales costs in places like Alençon, Amiens, Dieppe and Chambéry, and a cluster of four retail warehouses in Toulon La Garde. The properties have a total surface area of approx. 15,000 sqm with an annual gross rental income of approx. € 2.8 million. The average occupancy rate was 91%. Partly due to this sale, the occupancy rate of the high street shops in France rose to 100%. Furthermore, a number of apartments was sold in Ferrière la Grande for € 0.5 million.

Belgium

In Belgium, two retail warehouses in Hasselt leased to Baby 2000 and Décor Heytens were sold with a net sales income of € 2.9 million.

Spain

The divestment of the Spanish shopping centres/galleries and the retail park for € 160 million was finalised successfully. The proceeds after deduction of sales costs were € 157.9 million. The sales proceeds have already been recognised in the 2013 results.

Turkey

There were no divestments in Turkey.

FINANCING

The € 110 million convertible bond was placed with a diverse group of investors on 3 April 2014. With this placement, the share of non-bank loans increased to over 30%. The convertible bond was placed at 30% above the reference price, with an annual coupon of 1.875%. The five-year convertible bond will help to lower financing costs and strengthen Vastned's position towards other credit providers.

EVENTS AFTER BALANCE SHEET DATE

After balance sheet date, Vastned has signed an attractive lease with Nike for over 1,000 sqm of retail space on Seinedreef in Utrecht-Overvecht. De Tuinen opted for a Vastned high street shop of 135 sqm at Misterstraat 12 in Winterswijk. This shop had been vacated due to the bankruptcy of Free Record Shop as of 1 May 2014, and Vastned succeeded in leasing it to De Tuinen from the same date.

Furthermore, on 15 May 2014 the AGM was held in the Rosarium in Amsterdam, where all the proposals that were put to a vote were adopted.

Vastned shares went ex dividend on 19 May 2014 and the final dividend of € 1.63 per share will be paid at 29 May 2014.

OUTLOOK 2014

Vastned will continue rolling out its high street strategy aiming for growth in premium cities to 75% of the property portfolio pragmatically and step by step. In 2014, Vastned will focus mainly on acquisitions in premium cities and on optimising the non-high street shops so as to enhance the quality of the property portfolio. Attracting strong national and international retailers will remain key in 2014 to improve the quality of the tenant base and property portfolio. Vastned maintains its forecast of a direct investment result in 2014 of between € 2.10 and € 2.30 per share.



Topshop, Istiklal Caddesi 18, Istanbul

FINANCIAL CALENDER 2014

Date	Time	Subject
Wednesday 29 May 2014		Payment final dividend
Thursday 14 August 2014	Before trading	2014 half-year results
Monday 18 August 2014 (Wednesday 20 August 2014: record date)		Ex-interim-dividend
Friday 29 August 2014		Interim-dividend payment
Monday 3 November 2014	Before trading	2014 trading update nine months

About Vastned

Vastned is a listed European retail property fund focusing on venues for premium shopping. Vastned invests in selected cities in Europe and Istanbul, with a clear focus on the best retail property in the most popular shopping streets in the bigger cities (high streets). Vastned's tenants are strong and leading international and national retail brands. The property portfolio has a size of approximately € 1.5 billion.

Further information

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