

VASTNED RETAIL

Interim report 2010

VASTNED RETAIL REALISES LOWER DIRECT INVESTMENT RESULT, BUT PROPERTY VALUES UP FOR SECOND CONSECUTIVE QUARTER

Reinier van Gerrevink, CEO VastNed Retail: 'Lease negotiations provide us with a great deal of information on retailers' willingness to acquire or maintain outlets. Over the past three months we concluded 40 new leases at on average 3.6% below the old rent level. This was more favourable than in the first quarter. The volume of new leases and lease renewals was 1.3%, taking the occupancy rate as at June 30, 2010 to 95.0%. The appraisals of our investment properties resulted in positive value movements for the second quarter running. Our Spanish property portfolio also recorded stable values, after a value decrease of approx. 35% in the past few years.

The direct investment result per share is under pressure partly from the situation in the letting market mentioned earlier, but mostly as a result of the share issue of September 2009, which significantly strengthened shareholders' equity and raised capital for new investment. Over the past three months we have evaluated a large number of possible investments and made several offers. However, the prices other investors paid for these investment properties were above what we consider reasonable based on our risk return requirements. Still, we are confident that we will finalise a number of investments in the second half of 2010.

In view of the strengthened balance sheet and the lower than expected investment rate, we anticipate that the direct investment result per share for the full year 2010 will be between approx. € 3.60 and € 3.70.'

(in brackets: first half 2009)

- **Direct investment result: €33.6 million (€34.3 million);**
- **Indirect investment result: €12.0 million positive (€99.5 million negative);**
- **Investment result: €45.7 million positive (€65.2 million negative);**
- **Direct investment result per share: €1.84 (€2.08);**
- **Indirect investment result per share: €0.65 positive (€6.04 negative);**
- **Investment result per share: €2.49 positive (€3.96 negative);**
- **Shareholders' equity per share as at June 30, 2010: €50.30 (June 30, 2009: €53.28);**
- **Average occupancy rate: 95.3% (97.3%);**
- **Occupancy rate at June 30, 2010: 95.0% (March 31, 2010: 95.2%);**
- **Solvency as at June 30, 2010: 54.5% (June 30, 2009: 52.8%).**

VASTNED RETAIL

Profile

VastNed Retail invests in individual retail properties, shopping centres and retail warehouses located in good and top locations in its core countries: the Netherlands, Spain, France and Belgium as well as the growth market Turkey. The value of the investment properties was €1,900.3 million as at June 30, 2010 (June 30, 2009: €1,879.8 million).

Investment properties

The developments in the area of occupancy rate, rent levels, value movements, investments and disposals in the property portfolio in the first half of 2010 were as follows:

Occupancy rate

The average occupancy rate in the first half of 2010 was 95.3% (97.3%). The first half of 2010 showed a marginal decrease compared to December 31, 2009 of 0.3% in the first quarter and 0.2% in the second quarter, taking the occupancy rate as at June 30, 2010 to 95.0%. This was the result of the volume of new leases exceeding that of the departing tenants. The occupancy rate by country was as follows.

<i>Occupancy rate in %</i>			
<i>Country</i>	<i>June 30, 2010</i>	<i>H1 2010</i>	<i>H1 2009</i>
NL	97.8	98.0	98.1
E	89.8	91.2	94.6
F	93.1	93.1	97.9
B	99.1	99.2	99.5
Tr	95.2	81.5	89.5
P	100.0	100.0	100.0
T	95.0	95.3	97.3

Leasing activity

The leasing activity volume was slightly lower compared to the first quarter of 2010. The rent levels of the new contracts were better than in the first quarter of 2010. The total leasing activity in the second quarter of 2010 was €1.7 million in new and renewed leases. The volume in the first quarter was €3.7 million. This equalled 1.3% of the theoretical rental income. In the second quarter of 2010, new leases were concluded at on average 3.6% below the old rent level, which was better than in the first quarter of 2010, when this ratio was 10.4%. Taking the lease incentives provided into account, new leases were concluded in the second quarter of 2010 at on average 5.5% below the former rent level.

VASTNED RETAIL

Total leasing activity Q1 2010 based on contract rents

Country	Movement gross rent %			Volume as a % of theoretical gross rent		
	Q1 2010	Q2 2010	H1 2010	Q1 2010	Q2 2010	H1 2010
NL	24.8	12.1	18.8	1.0	0.9	2.0
E	(16.4)	(15.6)	(16.0)	2.4	2.2	4.6
F	(23.8)	-	(23.5)	5.6	0.1	5.7
B	2.3	1.2	2.0	3.0	1.3	4.3
Tr	0.0	1.3	0.5	10.4	7.1	17.3
T	(10.4)	(3.6)	(8.4)	2.8	1.3	4.1

Total leasing activity Q1 2010 based on effective rent levels

Country	Movement gross rent %		
	Q1 2010	Q2 2010	H1 2010
NL	23.9	11.7	18.2
E	(20.9)	(18.0)	(19.5)
F	(25.4)	-	(25.1)
B	(0.8)	(0.4)	(0.7)
Tr	0.0	(4.0)	(1.7)
T	(12.7)	(5.5)	(10.5)

Lease incentives

The lease incentives (applying straightlining over the duration of the lease up to the first termination date) rose to 2.2% (1.7%) in the first half of 2010.

Country	IFRS lease incentives in %			
	Q1 2010	Q2 2010	H1 2010	H1 2009
NL	(0.4)	(0.6)	(0.5)	(0.5)
E	(5.3)	(5.9)	(5.6)	(3.9)
F	(1.6)	(1.6)	(1.6)	(1.7)
B	(2.1)	(1.8)	(2.0)	(1.2)
Tr	-	-	-	-
P	-	-	-	-
T	(2.1)	(2.3)	(2.2)	(1.7)

Value movements investment properties

The value movements of VastNed Retail's property portfolio based on appraisals by independent appraisers and internal appraisals showed a total value movement of € 14.5 million positive (€ 114.2 million negative). The value movements in the second quarter of 2010 were moderately positive, and on average higher than in the first quarter of 2010. The theoretical net yield on the property portfolio was 6.7% as at June 30, 2010.

VASTNED RETAIL

Value movements (€ million)

Country	Q1 2010	Q2 2010	H1 2010	H1 2009
NL	2.8	4.3	7.1	(17.8)
E	(1.7)	(0.5)	(2.2)	(68.3)
F	2.8	3.0	5.8	(25.3)
B	1.9	1.3	3.2	(1.9)
Tr	0.4	0.3	0.7	(0.1)
P	(0.1)	-	(0.1)	(0.8)
T	6.1	8.4	14.5	(114.2)

Value movements as a percentage of the starting values and net yields

Country	Q1 2010	Q2 2010	H1 2010	Net yield June 30, 2010	Net yield March 31, 2010
NL	0.4	0.6	1.0	6.2	6.3
E	(0.4)	(0.1)	(0.5)	7.8	7.7
F	0.7	0.7	1.5	6.4	6.5
B	0.6	0.4	1.1	6.5	6.6
Tr	1.3	0.6	2.3	5.5	5.7
P	(0.7)	(0.3)	(1.1)	8.7	8.7
T	0.3	0.4	0.8	6.7	6.7

Acquisitions

In the first quarter, a leased retail property at Istiklal Caddesi 85 in Istanbul was acquired for € 19.0 million. The property will be fully renovated, and has been taken to properties in pipeline.

In the second quarter of 2010 a single retail unit at Plaza de la Constitución 9 in Málaga, which is let on a long-term lease to Banesto, was acquired for € 5.2 million at a net initial yield of 5.7%.

Disposals

The following disposals were made in the first half of 2010.

Country city	Address	Net yield (€ million)
Netherlands		
Nijmegen	Plein 1944 (partial sale)	0.6
Winterswijk	Misterstraat 43-45/Tuinstraat 26-28	1.1
France		
Aulnoye-Aymeries	Allée des Grands Chênes 34	0.1
Lille	Avenue Kuhlmann 187	0.1
Lille	Place de la Gare 42 (hotel)	1.3
Lille	Rue de Paris 38 (apartment)	0.2
Lille	Rue Léon Thiriez 99	0.1
Thonon-les-Bains	Rue des Arts 16 (apartment)	0.1
Belgium		
Hasselt	Genkersteenweg 76 (apartment)	0.2
Vilvoorde	Leuvensestraat 43 (apartment)	0.2
Total		4.0

VASTNED RETAIL

Investment properties in pipeline

Of the properties in pipeline, the cinema that is part of the Het Rond shopping centre in Houten was taken into operation in the second quarter of 2010. The cinema is on a long-term lease, and represents an investment value of €2.2 million.

Investment result VastNed Retail shareholders in the first half 2010

The investment result in the first half of 2010 was €45.7 million positive (€65.2 million negative). The investment result comprises the direct investment result, which fell by 2.0% to €33.6 million (€34.3 million) and the indirect investment result, which was €12.0 million positive (€99.5 million negative).

Composition investment result first half 2010

Gross rental income

The gross rental income totalled €62.9 million in the first half of 2010 (€66.1 million). The decrease of the gross rental income was attributable to the disposals made in the Dutch property portfolio in 2009 and to the pressure on the occupancy rates in the Spanish and French portfolios.

<i>Gross rental income (€ million)</i>				
<i>Country</i>	<i>Q1 2010</i>	<i>Q2 2010</i>	<i>H1 2010</i>	<i>H1 2009</i>
NL	12.0	12.1	24.1	25.1
E	7.4	7.3	14.7	15.9
F	6.1	6.0	12.1	13.5
B	5.4	5.2	10.6	10.4
Tr	0.4	0.4	0.8	0.6
P	0.3	0.3	0.6	0.6
T	31.6	31.3	62.9	66.1

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

Operating expenses were €5.9 million (€6.4 million) or 9.4% of gross rental income. The decrease was mainly caused by lower allocations to the provision for doubtful debtors. The net service charge expenses showed a limited increase to €0.9 million (€0.8 million).

Value movements investment properties

As stated earlier, the value movements of the investment properties in the first half of 2010 were €14.5 million positive (€114.2 million negative).

Net result on investment property disposals

The net sales proceeds were €4.0 million. The net result on disposals after deduction of sales costs was €0.3 million positive compared to the appraisal value (€2.3 million positive).

VASTNED RETAIL

Net financing costs

The net financing costs including the value movements of financial derivatives fell to € 16.3 million (€ 17.1 million). Net interest expenses fell from € 16.8 million to € 15.2 million due to lower interest-bearing debt. The average interest rate remained virtually unchanged at 4.10% (4.09%). It was positively affected by the decreased short-term market rate, but impacted negatively by the fact that the proportion of interest-bearing debt with a floating interest rate decreased. Due to the lower market rate, the market value of the interest rate derivatives not designated as full hedges under IFRS also fell by € 1.1 million (decrease of € 0.4 million).

	<i>Financial expenses</i>			
	Q1 2010	Q2 2010	H1 2010	H1 2009
Interest (* €1 million)	7.6	7.6	15.2	16.9
Average interest % on loan capital	4.17	4.04	4.10	4.09
Interest coverage ratio (ICR)	3.5	3.4	3.4	3.3

General expenses

The general expenses decreased from € 3.7 million in the first half of 2009 to € 3.5 million in the first half of 2010 mainly due to lower consultancy and audit costs.

Income tax payable on the reporting period

Income tax decreased from € 0.7 million to € 0.4 million.

Movement deferred tax assets and liabilities

The movements in deferred tax assets and liabilities were € 0.5 million negative (€ 11.2 million positive).

Investment result attributable to minority interests

The investment result attributable to minority shareholders of € 4.3 million (€ 1.7 million) consists of the direct and indirect investment results attributable to minority interests of € 3.2 million (€ 3.2 million) and € 1.1 million (€ 1.5 million negative) respectively.

Solvency and loan capital financing

As at June 30, 2010, VastNed Retail's balance sheet showed a healthy financing structure with a loan-to-value of 40.3% (June 30, 2009: 43.0%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 54.5% (June 30, 2009: 52.8%). With this solvency and an interest coverage ratio of 3.4, VastNed Retail complies with all the loan covenants. Financing contracts are usually concluded with covenants stipulating a minimum solvency of 45% and an interest coverage ratio of between 2.0 and 2.5.

VASTNED RETAIL

<i>Solvency and loan capital</i>		
	<i>June 30, 2010</i>	<i>June 30, 2009</i>
Solvency	54.5%	52.8%
LTV	40.3%	43.0%
Duration based on contract expiry dates	3.2	4.1
Duration based on interest review dates	4.9	4.8

As at June 30, 2010, 79.0% of the loan portfolio was long-term with an average duration of 3.2 years based on contract expiry dates. Of the long-term loans, an amount of € 17.2 million (already included under short-term loan capital) will expire in within one year. In order to limit the interest rate risk, as at June 30, 2010, 77.6% of the loan portfolio was fixed-interest with a duration of 4.9 years based on the interest review dates.

<i>Breakdown of interest-bearing loan capital as at June 30, 2010</i>				
<i>(€ million)</i>	<i>Fixed interest</i>	<i>Floating interest</i>	<i>Total</i>	<i>% of total</i>
Long-term	576.9	43.1	620.0	81.0
Short-term	17.3	128.0	145.3	19.0
Total	594.2	171.1	765.3	100.0
% of total	77.6	22.4	100.0	

Interim dividend

In accordance with its policy, VastNed Retail will pay out 60% of the direct investment result as interim dividend. This interim dividend will be € 1.10 (€ 1.25) per share. Ex dividend date: August 10, 2010. Payment date: August 30, 2010.

Developments and outlook

In spite of the faltering economy and the low consumer confidence, the board of management anticipates that the retail property market will remain relatively robust in the second half of 2010. There will continue to be some pressure on rent levels since the decreased sales of some retailers have not yet been reflected in the current contract rents.

Furthermore, we anticipate that the European Central Bank will keep the short-term interest rate relatively low in 2010; with a portion of its loan portfolio financed at a floating rate, VastNed Retail will be able to benefit from this in 2010 too.

The share issue of September 2009 improved the balance sheet position. So far, this issue has put pressure on the direct investment result per share since the proceeds could not immediately be invested fully, and the property acquired in Turkey will not yield rental income until some time in 2011. A number of possible investments were investigated in the past few quarters. Based on a careful analysis of the risk return profile, we declined these acquisitions. In future acquisitions, too, the risk return profile will be a key consideration.



VASTNED RETAIL

Taking the above into account, the board of management anticipates a direct investment result per share of between approx. € 3.60 and € 3.70 for the full year 2010.

Responsibility statement

In accordance with the transparency directive of the European Union as provided in Article 5.25(d) of the Financial Supervision Act, the board of management states that to the best of its knowledge:

- the report of the board of management gives a true and fair view of the state of affairs at the balance sheet date and during the reporting period of VastNed Retail and its consolidated subsidiaries whose figures have been included in its financial interim report;
- the financial interim report gives a true and fair view of the assets and liabilities, the financial position and the result of VastNed Retail and its consolidated subsidiaries; and
- the material risks facing VastNed Retail have been described in this report. For a more extensive description of the risks, we refer to the chapter Risk Management in the most recent annual report.

Rotterdam, August 6, 2010
The board of management
on behalf of VastNed Management B.V.,
R.A. van Gerrevink, CEO
T.M. de Witte, CFO

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Today at 11 am an analysts' meeting will be held in which further comments will be made on the first half figures 2010. This meeting can be followed by means of an audio webcast on www.vastned.nl.

Future looking statements

This press release contains a number of forward-looking statements. These statements are based on current expectations, estimates and prognoses of the board of management and on the information currently available to the company. The statements are subject to certain risks and uncertainties which are hard to evaluate, such as the general economic conditions, interest rates and amendments to statutory laws and regulations. The board of management of VastNed Retail cannot guarantee that its expectations will materialise. Furthermore, VastNed Retail does not accept any obligation to update the statements made in this press release.

KEY FIGURES	30 juni 2010	31 december 2009	30 juni 2009
Results (x €1,000)			
Gross rental income	62,934	130,562	66,062
Direct investment result	33,634	68,649	34,304
Indirect investment result	12,036	(130,032)	(99,485)
<i>Investment result</i>	45,670	(61,383)	(65,181)
Balance sheet (x €1,000)			
Investment properties	1,900,279	1,861,401	1,879,756
Equity	1,024,249	1,035,093	977,219
Equity VastNed Retail shareholders	930,377	939,133	884,772
Long-term liabilities	712,155	673,622	688,224
Solvency in accordance with the banks' definition (in %)	54.5	55.9	52.8
Interest coverage ratio	3.4	3.3	3.3
Financial occupancy rate (in %)	95.3	96.8	97.3
Average number of ordinary shares in issue	18,322,397	17,028,420	16,477,518
Number of ordinary shares in issue (end of period)	18,495,220	18,265,213	16,604,740
Per share (x €1)			
Equity VastNed Retail shareholders at beginning of period (including final dividend)	51.42	60.80	60.80
Final dividend previous financial year	(2.78)	(2.68)	(2.68)
<i>Equity VastNed Retail shareholders at beginning of period (excluding final dividend)</i>	48.64	58.12	58.12
Direct investment result	1.84	4.03	2.08
Indirect investment result	0.65	(7.64)	(6.04)
<i>Investment result</i>	2.49	(3.61)	(3.96)
Value movements financial derivatives taken directly to equity	(0.77)	(0.78)	(0.62)
Translation differences net investments	0.04	(0.01)	(0.01)
Other movements	(0.10)	(1.05)	(0.25)
Interim dividend	-	(1.25)	-
<i>Equity VastNed Retail shareholders at end of period (including final dividend)</i>	50.30	51.42	53.28
Share price (end of period)	41.31	45.835	35.40
Premium (Discount) (in %)	(17.9)	(10.9)	(33.6)

Financial interim report 2010

Contents

- Consolidated profit and loss account
- Consolidated statement of comprehensive income
- Direct and indirect investment result
- Consolidated balance sheet
- Consolidated statement of movements in equity
- Consolidated cash flow statement
- Notes to the consolidated financial interim report 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(x € 1,000)

	HY1 2010	HY1 2009	Q2 2010	Q2 2009
Net income from investment properties				
Gross rental income	62,934	66,062	31,375	32,958
Ground rents paid	(284)	(285)	(143)	(133)
Net service charge expenses	(865)	(777)	(428)	(320)
Operating expenses	(5,885)	(6,371)	(3,118)	(3,320)
<i>Net rental income</i>	<u>55,900</u>	<u>58,629</u>	<u>27,686</u>	<u>29,185</u>
Value movements investment properties in operation	16,180	(97,188)	9,140	(40,181)
Value movements investment properties under renovatio	(721)	(13,190)	(378)	(10,952)
Value movements investment properties in pipeline	(964)	(3,809)	(373)	(3,219)
<i>Total value movements investment properties</i>	<u>14,495</u>	<u>(114,187)</u>	<u>8,389</u>	<u>(54,352)</u>
Net result on disposals of investment properties	310	2,329	101	2,238
<i>Total net income from investment properties</i>	<u>70,705</u>	<u>(53,229)</u>	<u>36,176</u>	<u>(22,929)</u>
Expenditure				
Financial income	197	168	89	69
Financial expenses	(15,409)	(16,940)	(7,655)	(7,949)
Value movements financial derivatives	(1,119)	(350)	(162)	(110)
<i>Net financing costs</i>	<u>(16,331)</u>	<u>(17,122)</u>	<u>(7,728)</u>	<u>(7,990)</u>
General expenses	(3,473)	(3,660)	(1,755)	(1,729)
<i>Total expenditure</i>	<u>(19,804)</u>	<u>(20,782)</u>	<u>(9,483)</u>	<u>(9,719)</u>
<i>Investment result before taxes</i>	<u>50,901</u>	<u>(74,011)</u>	<u>26,693</u>	<u>(32,648)</u>
Current income tax expense	(367)	(714)	(231)	(434)
Movement deferred tax assets and liabilities	(545)	11,243	(293)	6,704
	<u>(912)</u>	<u>10,529</u>	<u>(524)</u>	<u>6,270</u>
<i>Investment result after taxes</i>	<u>49,989</u>	<u>(63,482)</u>	<u>26,169</u>	<u>(26,378)</u>
Investment result attributable to minority interests	(4,319)	(1,699)	(2,442)	(79)
<i>Investment result attributable to VastNed Retail shareholders</i>	<u>45,670</u>	<u>(65,181)</u>	<u>23,727</u>	<u>(26,457)</u>
Per share (x €1)				
Investment result per share attributable to VastNed Retail shareholders	2.49	(3.96)	1.29	(1.60)
Diluted investment result per share attributable to VastNed Retail shareholders	2.49	(3.96)	1.29	(1.60)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	HY1 2010	HY1 2009	Q2 2010	Q2 2009
Investment result	49,989	(63,482)	26,169	(26,378)
Value movements financial derivatives taken directly to equity	(16,020)	(12,019)	(7,217)	3,997
Translation differences net investments	779	(230)	(78)	(69)
Taxes on other comprehensive income	1,799	1,611	855	(429)
Other comprehensive income	<u>(13,442)</u>	<u>(10,638)</u>	<u>(6,440)</u>	<u>3,499</u>
<i>Total comprehensive income</i>	36,547	(74,120)	19,729	(22,879)
Attributable to:				
VastNed Retail shareholders	32,395	(75,545)	17,425	(23,104)
Minority interests	4,152	1,425	2,304	225
	<u>36,547</u>	<u>(74,120)</u>	<u>19,729</u>	<u>(22,879)</u>
Per share (x €1)				
Total comprehensive income attributable to VastNed Retail shareholders	1.76	(4.59)	0.95	(1.39)

DIRECT AND INDIRECT INVESTMENT RESULT ¹ (x €1,000)

	HY1 2010	HY1 2009	Q2 2010	Q2 2009
Direct investment result				
Gross rental income	62,934	66,062	31,375	32,958
Ground rents paid	(284)	(285)	(143)	(133)
Net service charge expenses	(865)	(777)	(428)	(320)
Operating expenses	(5,885)	(6,371)	(3,118)	(3,320)
<i>Net rental income</i>	<u>55,900</u>	<u>58,629</u>	<u>27,686</u>	<u>29,185</u>
Financial income	197	168	89	69
Financial expenses	(15,409)	(16,940)	(7,655)	(7,949)
<i>Net financing costs</i>	<u>(15,212)</u>	<u>(16,772)</u>	<u>(7,566)</u>	<u>(7,880)</u>
General expenses	(3,473)	(3,660)	(1,755)	(1,729)
<i>Direct investment result before taxes</i>	<u>37,215</u>	<u>38,197</u>	<u>18,365</u>	<u>19,576</u>
Current income tax expense	(367)	(714)	(231)	(434)
<i>Direct investment result after taxes</i>	<u>36,848</u>	<u>37,483</u>	<u>18,134</u>	<u>19,142</u>
Direct investment result attributable to minority interests	(3,214)	(3,179)	(1,599)	(1,622)
<i>Direct investment result attributable to VastNed Retail shareholders</i>	<u>33,634</u>	<u>34,304</u>	<u>16,535</u>	<u>17,520</u>
Indirect investment result				
Value movements investment properties in operation	16,180	(97,188)	9,140	(40,181)
Value movements investment properties under renovation	(721)	(13,190)	(378)	(10,952)
Value movements investment properties in pipeline	(964)	(3,809)	(373)	(3,219)
<i>Total value movements investment properties</i>	<u>14,495</u>	<u>(114,187)</u>	<u>8,389</u>	<u>(54,352)</u>
Net result on disposals investment properties	310	2,329	101	2,238
Value movements financial derivatives	(1,119)	(350)	(162)	(110)
<i>Indirect investment result before taxes</i>	<u>13,686</u>	<u>(112,208)</u>	<u>8,328</u>	<u>(52,224)</u>
Movement deferred tax assets and liabilities	(545)	11,243	(293)	6,704
<i>Indirect investment result after taxes</i>	<u>13,141</u>	<u>(100,965)</u>	<u>8,035</u>	<u>(45,520)</u>
Indirect investment result attributable to minority interests	(1,105)	1,480	(843)	1,543
<i>Indirect investment result attributable to VastNed Retail shareholders</i>	<u>12,036</u>	<u>(99,485)</u>	<u>7,192</u>	<u>(43,977)</u>
<i>Investment result attributable to VastNed Retail shareholders</i>	<u>45,670</u>	<u>(65,181)</u>	<u>23,727</u>	<u>(26,457)</u>
Per share (x €1)				
Direct investment result attributable to VastNed Retail shareholders	1.84	2.08	0.90	1.06
Indirect investment result attributable to VastNed Retail shareholders	0.65	(6.04)	0.39	(2.66)
Investment result attributable to VastNed Retail shareholders	<u>2.49</u>	<u>(3.96)</u>	<u>1.29</u>	<u>(1.60)</u>

¹ This statement contains additional information that is not part of the primary statements and is not required under IFRS

CONSOLIDATED BALANCE SHEET (x €1,000)

	June 30, 2010	December 31, 2009	30 juni 2009
Assets			
Investment properties in operation	1,856,353	1,834,252	1,846,293
Investment properties under renovation	3,100	3,100	10,095
Other assets in respect of lease incentives	1,591	1,866	1,896
	<hr/> 1,861,044	<hr/> 1,839,218	<hr/> 1,858,284
Investment properties in pipeline	39,235	22,183	21,472
<i>Total investment properties</i>	<hr/> 1,900,279	<hr/> 1,861,401	<hr/> 1,879,756
Tangible fixed assets	1,008	997	1,057
Deferred tax assets	905	904	1,218
<i>Total fixed assets</i>	<hr/> 1,902,192	<hr/> 1,863,302	<hr/> 1,882,031
Debtors and other receivables	11,059	22,474	14,600
Income tax	1,219	2,479	1,648
Cash and cash equivalents	6,137	5,739	5,990
<i>Total current assets</i>	<hr/> 18,415	<hr/> 30,692	<hr/> 22,238
<i>Total assets</i>	<hr/> 1,920,607	<hr/> 1,893,994	<hr/> 1,904,269
Equity and liabilities			
Capital paid-up and called	92,476	91,326	83,024
Share premium reserve	471,370	472,554	406,503
Hedging reserve in respect of financial derivatives	(45,137)	(31,083)	(27,998)
Translations reserve	676	(103)	(154)
Other reserves	365,322	467,822	488,578
Investment result attributable to VastNed Retail shareholders	45,670	(61,383)	(65,181)
Equity VastNed Retail shareholders	<hr/> 930,377	<hr/> 939,133	<hr/> 884,772
Equity minority interests	93,872	95,960	92,447
<i>Total equity</i>	<hr/> 1,024,249	<hr/> 1,035,093	<hr/> 977,219
Deferred tax liabilities	22,976	23,989	27,555
Provisions in respect of employee benefits	743	1,236	919
Long-term interest bearing loans	619,963	597,616	608,864
Financial derivatives	54,220	37,066	33,065
Long-term tax liabilities	5,434	5,434	8,435
Guarantee deposits	8,819	8,281	9,386
<i>Total long-term liabilities</i>	<hr/> 712,155	<hr/> 673,622	<hr/> 688,224
Payable to banks	128,114	102,474	130,659
Redemption long-term liabilities	17,271	42,138	69,114
Income tax	3,611	3,813	3,039
Other liabilities and accruals	35,207	36,854	36,014
<i>Total short-term liabilities</i>	<hr/> 184,203	<hr/> 185,279	<hr/> 238,826
<i>Total equity and liabilities</i>	<hr/> 1,920,607	<hr/> 1,893,994	<hr/> 1,904,269

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(x € 1,000)

	Capital paid up and capital	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Other reserves	Investment result attributable to VastNed Retail shareholders	Equity VastNed Retail shareholders	Equity minority interests	Total equity
Balance as at January 1, 2009	82,088	407,460	(17,864)	76	577,464	(51,054)	998,170	96,230	1,094,400
Direct investment result						34,304	34,304	3,179	37,483
Indirect investment result						(99,485)	(99,485)	(1,480)	(100,965)
Value movements financial derivatives			(10,134)				(10,134)	(274)	(10,408)
Translation differences net investments				(230)			(230)		(230)
<i>Total comprehensive income</i>	-	-	(10,134)	(230)	-	(65,181)	(75,545)	1,425	(74,120)
Stock dividend	936	(936)					-		-
Costs of stock dividend		(21)					(21)		(21)
Final dividend previous financial year in cash						(37,832)	(37,832)	(5,208)	(43,040)
Allocation from profit appropriation					(88,886)	88,886	-		-
<i>Balance as at June 30, 2009</i>	83,024	406,503	(27,998)	(154)	488,578	(65,181)	884,772	92,447	977,219
Balance as at January 1, 2010	91,326	472,554	(31,083)	(103)	467,822	(61,383)	939,133	95,960	1,035,093
Direct investment result						33,634	33,634	3,214	36,848
Indirect investment result						12,036	12,036	1,105	13,141
Value movements financial derivatives			(14,054)				(14,054)	(167)	(14,221)
Translation differences net investments				779			779		779
<i>Total comprehensive income</i>	-	-	(14,054)	779	-	45,670	32,395	4,152	36,547
Stock dividend	1,150	(1,150)					-		-
Costs of stock dividend		(34)					(34)		(34)
Final dividend previous financial year in cash						(41,117)	(41,117)	(6,240)	(47,357)
Allocation from profit appropriation					(102,500)	102,500	-		-
<i>Balance as at June 30, 2010</i>	92,476	471,370	(45,137)	676	365,322	45,670	930,377	93,872	1,024,249

CONSOLIDATED CASH FLOW STATEMENT (x €1,000)

	HY1 2010	HY1 2009
Cash flow from operating activities		
Investment result	49,989	(63,482)
Adjustments for:		
Value movements investment properties	(14,495)	114,187
Net result on disposals investment properties	(310)	(2,329)
Net financing costs	16,331	17,122
Income tax	912	(10,529)
<i>Cash flow from operating activities before changes in working capital and provisions</i>	<u>52,427</u>	<u>54,969</u>
Movement current assets	4,181	2,665
Movement short-term liabilities	(1,790)	185
Movement provisions	(493)	(317)
	<u>54,325</u>	<u>57,502</u>
Interest paid (on balance)	(15,508)	(12,960)
Income tax paid	904	(1,518)
<i>Cash flow from operating activities</i>	<u>39,721</u>	<u>43,024</u>
Cash flow from investment activities		
Acquisition of investment properties and investments	(26,948)	(19,394)
Disposal of investment properties	12,734	43,614
<i>Cash flow from property</i>	<u>(14,214)</u>	<u>24,220</u>
Movement tangible fixed assets	(9)	18
<i>Cash flow from investment activities</i>	<u>(14,223)</u>	<u>24,238</u>
Cash flow from financing activities		
Dividend paid	(41,151)	(37,832)
Dividend paid to minority interests	(6,132)	(4,702)
Interest-bearing loans drawn down	51,171	32,871
Interest-bearing loans redeemed	(29,049)	(54,698)
<i>Cash flow from financing activities</i>	<u>(25,161)</u>	<u>(64,361)</u>
Movement in cash and cash equivalents	337	2,901
Cash and cash equivalents as at January 1	5,739	3,089
Translation differences on cash and cash equivalents	61	-
<i>Cash and cash equivalents at end of period</i>	<u>6,137</u>	<u>5,990</u>

NOTES TO THE CONSOLIDATED FINANCIAL INTERIM REPORT 2010

1. General

VastNed Retail N.V., with its registered office in Rotterdam, the Netherlands, is a (closed-end) property investment company with variable capital whose shares are listed on NYSE Euronext Amsterdam and Paris.

VastNed Retail makes long-term investments in high street shops, shopping centres and retail warehouses in the Netherlands, Spain, France, Belgium, Turkey and Portugal.

On October 20, 2006, the AFM granted to VastNed Management B.V. the licence as enacted in Book 2, Section 25 (1) (a) of the Act on Financial Supervision pursuant to which this company may act as manager of VastNed Retail.

The consolidated financial interim report of VastNed Retail comprises VastNed Retail and its subsidiaries (jointly referred to as 'the Group') and the interest of the Group in the associates and entities over which it has joint control.

The board of management approved the consolidated financial interim report on August 5, 2010.

The consolidated financial interim report has not been audited.

2. Principles applied in the presentation of the financial interim report

The financial statements are presented in euros; amounts are rounded off to thousands of euros, unless stated differently.

This interim report has been prepared in accordance with IAS 34 'Interim financial reporting' as endorsed by the European Union.

For the principles of consolidation, the valuation of assets and liabilities and the determination of the result, reference is made to the 2009 annual accounts.

Effect of new, revised and improved standards

Below, the revised standards and interpretations are set out that took effect in 2010 and that are relevant for the presentation, the notes and/or the financial results of VastNed Retail.

- IFRS 3 *Business Combinations (revised)* and IAS 27 *Consolidated and Separate Financial Statements (revised)* has taken effect on July 1, 2009. The revisions of these standards are being applied prospectively and affect future business combinations, loss of control of subsidiaries and transactions with minority interests.

- A number of improvements to IFRS standards have taken effect. This concerns a set of smaller revisions of IFRS standards that do not have a material effect on VastNed Retail's equity and investment result.

The following revised standards and interpretations have come into effect for the current financial year, but do not affect the presentation, the notes and/or the financial results of VastNed Retail.

IFRS 1 First-time Adoption of International Financial Reporting Standards (revised), IFRS 2 Share-based Payment, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 16 Hedges of a Net Investment in a Foreign Operation, IFRIC 17 Distributions of Non-cash Assets to Owners en IFRIC 18 Transfers of Assets from Customers.

In the preparation of the consolidated financial interim report, the essential judgments used by the board of management in the application of VastNed Retail's principles for financial reporting and the main estimates are identical to the essential judgments and main estimates used in the 2009 annual accounts. The actual results may deviate from these estimates.

3. Segment information

	Investment properties		Gross rental income		Operating costs including ground rents paid and net service charge expenses		Net rental income	
	June 30,		HY1		HY1		HY1	
	2010	2009	2010	2009	2010	2009	2010	2009
Netherlands	710,925	701,613	24,074	25,120	2,804	3,140	21,270	21,980
Spain	417,339	433,397	14,716	15,938	1,817	2,038	12,899	13,900
France	406,670	404,095	12,155	13,460	1,300	1,376	10,855	12,084
Belgium	301,917	302,444	10,589	10,376	942	781	9,647	9,595
Turkey	51,029	25,550	830	603	147	80	683	523
Portugal	12,399	12,657	570	565	25	18	545	547
Total	1,900,279	1,879,756	62,934	66,062	7,035	7,433	55,899	58,629

	Value movements		Net result on disposals		Movement in deferred		Total	
	investment properties		investment properties		tax assets and		Total	
	HY1		HY1		liabilities		HY1	
	2010	2009	2010	2009	2010	2009	2010	2009
Netherlands	7,168	(17,757)	107	1,740	-	-	7,275	(16,017)
Spain	(2,222)	(68,251)	-	-	(853)	11,178	(3,075)	(57,073)
France	5,796	(25,304)	95	51	43	-	5,934	(25,253)
Belgium	3,180	(1,906)	108	538	(5)	-	3,283	(1,368)
Turkey	707	(145)	-	-	265	(31)	972	(176)
Portugal	(134)	(824)	-	-	5	96	(129)	(728)
	14,495	(114,187)	310	2,329	(545)	11,243	14,260	(100,615)
Of which attributable to third parties	(1,382)	1,532	(30)	(148)	1	-	(1,411)	1,384
	13,113	(112,655)	280	2,181	(544)	11,243	12,849	(99,231)

4. Dividend

On May 17, 2010 the final dividend for the 2009 financial year was made payable, comprising 5% in cash on the priority shares and an optional dividend on the ordinary shares of € 2.78 in cash or € 1.10 in cash and 4.00% in shares charged to the share premium reserve.

5. Events after balance sheet date

No events have taken place after balance sheet date that impact the consolidated financial interim report.

6. Related parties transactions

Except with respect to the issues described below, no material changes occurred in the first half of 2010 in the nature, scale or volume of transactions with related parties compared to what was set out in the notes to the 2009 annual accounts.

During the first half of 2010 none of the members of the supervisory board and board of management of VastNed Retail had a personal interest in the investments of the company. To the best of VastNed Retail's knowledge, during the reporting period no transactions took place with persons or institutions that may be considered to be parties with direct interests in VastNed Retail.

Interests of major investors

The AFM has received the following notifications from shareholders holding an interest in VastNed Retail exceeding five percent:

Nomura Asset Management Co. Ltd.	5.93%
Commonwealth Bank of Australia	5.79%
BNP Paribas Investment Partners SA	5.06%
Stichting Pensioenfonds ABP	5.06%
DIAM Co., Ltd.	5.01%

7. Total expense ratio

The total expense ratio for the first half of 2010 was 2.17% (annualised).