

Vastned strategy update:

Vastned optimises and concentrates city centre portfolio

Reinier Walta nominated as new CEO

- Vastned adheres to its mission of generating stable and predictable results in the long term
- Transition of the retail market due to growth of e-commerce and changing consumer behaviour continues, a process accelerated by COVID-19
- Vastned foresees ongoing trend towards urbanisation
- Focus on optimisation and concentration of city centre property portfolio:
 - Creating an inner-city portfolio of mixed-use properties in historic city centres where shopping, working, living, and leisure meet
 - Diversification of tenant types: lower share of fashion, more emphasis on retail with exposure to the local economy
 - Creating a combination of housing or offices above shops in historic city centres
 - Expansion of city centre property clusters
 - Active portfolio management with divestments at the right value
- Making the property portfolio more sustainable aided by data analysis
- Lower office costs by moving head office from Amsterdam to Hoofddorp
- Cost-efficient organisation through digitalisation and data-driven working, resulting in a 10% saving on normalised general expenses in 2021 compared to 2020¹
- Conservative financing structure adjusted to maximum loan-to-value ratio of 40% (previously 35%-45%)
- Dividend policy unchanged: at least 75% of direct result to be paid out as dividend

Amsterdam, 11 February 2021, Vastned will optimise its portfolio and concentrate on mixed-use properties in historic city centres where shopping, working, living and leisure meet. The focus will be on retail properties that attract different types of tenants and where there is potential to create apartments or offices above the shops. Where possible, Vastned aims to create clusters of properties in the various cities. That is the essence of the strategy update presented today by Vastned's new nomination for CEO, Reinier Walta. The Supervisory Board has decided to nominate Reinier Walta, interim CEO since 1 December 2020, as the new CEO at the Annual General Meeting of shareholders on 15 April 2021. Vastned expects a strong preference for city centre retail properties in a select number of locations, due to market developments such as online shopping and changing consumer behaviour, coupled with the ongoing trend of urbanisation. In addition, there is a growing demand for housing and offices above the shops, combined with a decreasing popularity of multi-floor shops. By optimising and concentrating its city centre portfolio, Vastned is responding to this.

Reinier Walta, interim CEO Vastned:

“Vastned is entering a new phase with a strategy update. I am honoured to join a strong team in tackling the challenges Vastned faces. The retail market is in transition due to the growth of e-commerce and changing consumer behaviour, and COVID-19 has only accelerated this process. So it became clear during the COVID-19 pandemic that the part of our property portfolio that is dependent on fashion and tourism is particularly vulnerable.

Vastned will therefore further optimise and concentrate the property portfolio with the aim of creating a city centre portfolio with a greater degree of diversification of tenant types in historic city centres where shopping, working, living, and leisure go hand in hand. This means optimising the current portfolio by developing apartments or offices on the upper floors and concentrating on properties that are suitable for multiple tenant types. In addition, we will conduct active portfolio management, which may lead to the divestment of properties or parts of the portfolio, provided we can sell them at the right value. We expect property in historic city centres to remain attractive as the trend towards urbanisation continues.

We will also digitise more and more processes within the organisation and create a flexible cost-efficient structure that suits our portfolio. A first step will be to move from our Amsterdam office to a smaller office space in Hoofddorp at lower costs. The team will be condensed even further in the course of this year, so we will need less space. In addition, we expect our people to continue to combine working from home with working in the office.

Vastned aims to keep making its portfolio more sustainable. On the basis of data analysis, its energy consumption will be mapped and energy-saving renovations will be carried out. Ultimately, this will support the overall valuation of the property portfolio.”

Marc van Gelder, Chairman of the Supervisory Board:

“Vastned’s Supervisory Board has decided to nominate Reinier Walta as the new CEO of Vastned. Reinier has been CFO since November 2014 and has served as interim CEO since 1 December 2020. The Supervisory Board considers Reinier’s knowledge of real estate and financial transactions gained during this period and his earlier career in various managerial positions in the Netherlands and abroad a valuable mix of required competences for Vastned. We have full confidence that Reinier will successfully implement the strategy update as shaped under his leadership.”

Vastned's strategy is built on three pillars: **an optimised and concentrated city centre portfolio, efficient organisation and conservative financing.**

1. Optimised and concentrated city centre portfolio

Anticipating the developments in the retail market, Vastned will optimise and concentrate the current portfolio. It will work towards a real estate portfolio in the historic city centres where shopping, working, living and leisure meet, with an emphasis on the local economy. Where possible, Vastned will renovate and convert the upper floors of the properties it invests in into apartments and offices. In this way, the portfolio will become less dependent on fashion and tourism.

In line with this philosophy, Vastned aims to further concentrate the portfolio. This means both an evaluation of the existing portfolio based on a number of criteria, which could lead to divestment of properties or parts of the portfolio, if they can be divested at the right value, while also investing in new properties that fit the mixed user profile. A key issue here is the potential for synergy between retail properties where different types of tenants can be served. New growth potential can be created by investing in clusters of properties in locations that are not only dependent on tourism, but where retail also serves the local population.

The abovementioned optimisation and concentration of the property portfolio will lead to further diversification and a substantial reduction of the share of fashion in the property portfolio. Vastned will no longer invest in retail properties that are only suitable for fashion. The aim is to reduce the rental income from fashion in the portfolio to 30% in the medium term (48% as at year-end 2020).

Data analysis will increasingly be used to support the sustainability of the property portfolio. Aided by analysis of the energy consumption in the property portfolio, targeted energy-saving renovations can be carried out, which will ultimately lead to a higher valuation of the property portfolio.

2. Efficient organisation

Vastned's organisation will be adapted to match the concentration and focus of the portfolio. The Vastned team will continue to manage the portfolio hands-on, proactively and pragmatically, and aim for cost efficiency. If specific knowledge or capacity is not available within the organisation, it will be hired externally if necessary.

Vastned's work is increasingly data-driven. Data analysis of visitor numbers and consumer spending at micro-location level provides important input for optimising and concentrating the property portfolio. Where possible, processes will also be digitised, leading to a reduction in the number of FTEs. At year-end 2020, Vastned employed 37 FTEs. The goal is to reduce this number by 20% to around 30 FTEs by the end of 2021.

The statutory Executive Board will consist of one member (CEO). As of 1 March 2021, the Executive Board will be assisted by the Executive Committee, which will take over the role of the Management Team. Maurice van Dongen will take over part of the work of the CFO as Finance Director as of 1 March 2021. In addition to the members of the current Management Team, the Finance Director will have a seat on the Executive Committee. Thierry Fourez, Country Manager France, will become Head of Asset Management as of 1 March 2021 and as such will also join the Executive Committee.

Anticipating the expected continuing trend of combining working at home and at the office in the years to come, and with the experience of the lockdown in 2020, Vastned has decided to move the head office from Zuidas in Amsterdam to suitable office space in Hoofddorp at a lower cost. As a result of the above efficiency measures, Vastned expects to realise a 10% saving in normalised general expenses in 2021 compared to 2020¹. At the end of 2020, Vastned had already realised savings in general costs, as a result of which the normalised general costs decreased by 6% in 2020 compared to 2019.

3. Conservative financing

Vastned pursues a conservative financing structure that allows for the implementation of its strategy. The long-term target for the loan-to-value ratio has been lowered from 35%-45% to a maximum of 40%.

In order to anchor sustainability in Vastned's financing, Vastned has developed a Green Finance Framework. The aim of the framework is to (re)finance energy-efficient commercial and residential property that contributes to the preservation of historic city centres. Under this framework Vastned may issue a range of green financing instruments.

Dividend policy

The dividend policy remains unchanged and stipulates that Vastned will distribute at least 75% of the direct result per share as dividend. In this way, the dividend policy contributes to the long-term value creation by Vastned.

¹ The saving in general expenses in 2021 compared to 2020 excludes non-recurring items reported in 2020.

About Vastned

Vastned is a European publicly listed property company (Euronext Amsterdam: VASTN) focusing on the best property in the popular shopping areas of selected European cities with a historic city centre where shopping, living, working and leisure meet. Vastned's property clusters have a strong tenant mix of international and national retailers, food & beverage entrepreneurs, residential tenants, and office tenants. The property portfolio had a size of approximately € 1.5 billion as at year-end 2020.

For further information

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