

# TRADING UPDATE Q1 2017

*Vastned realises 15% rent increase on leases concluded for core city assets*

## Highlights

- Vastned realises 15% rent increase on leases it concluded for core city assets in Q1 2017
- Occupancy rate of core city assets up to 99.4% as at 31 March 2017
- Vastned updates its strategy to focus on growth in five selected cities in Europe
- Divestment of Turkish portfolio completed
- Start of share buy-back programme for a maximum of € 50 million
- Vastned expands cluster in Le Marais with two acquisitions for € 19.8 million in total
- Guidance for direct result 2017 of € 2.10 - € 2.20 per share confirmed

**Amsterdam, 10 May 2017 – Vastned, the listed European retail property company focusing on ‘venues for premium shopping’, publishes its Q1 2017 trading update.**

Taco de Groot, Vastned CEO: ‘2017 started out with a number of announcements, such as our exit from Turkey, the strategy update and our share buy-back programme. We also concluded 27 leases for over € 2 million in total in the first quarter. In spite of the still challenging and polarising retail market in the Netherlands, we succeeded in concluding lease agreements for eleven Dutch mixed retail locations, including retail units in Leeuwarden and Spijkenisse. We also attracted new tenants, among whom cosmetics brand Clarins, which will open its first French retail concept store outside Paris in one of our core city assets in Bordeaux.

Next to the divestment of the Turkish portfolio, we made steps to further enhance the quality of the portfolio by selling two mixed retail locations in Hengelo and Enschede. In the second quarter we expanded our cluster in Le Marais in Paris with two acquisitions for € 19.8 million in total, enlarging the Le Marais cluster to six core city assets with a total value of over € 57 million. For the remainder of this year will continue to pursue our strategy step-by-step and pragmatically, and we confirm our guidance of a direct result in 2017 of between € 2.10 and € 2.20 per share.’

## Review of the property portfolio

### Occupancy rate

By concluding new and renewing existing leases, the occupancy rate of the total portfolio rose from 97.3% at year-end 2016 to 97.5% as at 31 March 2017. Vastned realised a higher occupancy rate both for the core city assets and for the mixed retail locations; the occupancy rate in all countries on average either rose or remained stable. The occupancy rate of the core city assets increased from 99.1% to 99.4%, despite the divestment of the Turkish portfolio, which was virtually fully let at 99.6%. The occupancy rate of the mixed retail locations rose from 93.9% to 94.1% as at 31 March 2017.

## PRESS RELEASE

### OCCUPANCY RATE 31 MARCH 2017 (%)

	Core city assets	Mixed retail locations	Total
Netherlands	99.7	92.6	96.3
France	99.1	87.8	98.4
Belgium	99.2	97.7	98.5
Spain	100.0	100.0	100.0
<b>Total</b>	<b>99.4</b>	<b>94.1</b>	<b>97.5</b>

### OCCUPANCY RATE YEAR-END 2016 (%)

	Core city assets	Mixed retail locations	Total
Netherlands	99.1	92.3	95.8
France	98.6	88.3	97.9
Belgium	99.2	97.6	98.5
Spain	100.0	100.0	100.0
Turkey	99.6	n.v.t.	99.6
<b>Total</b>	<b>99.1</b>	<b>93.9</b>	<b>97.3</b>

### Leasing activity

In the past quarter, Vastned concluded 27 leases for € 2.3 million in total, or 2.8% of the total theoretical gross rental income, compared to 34 leases for € 2.4 million in the first quarter of 2016.

Of the 27 leases concluded in Q1 2017, eleven were concluded for core city assets. One of these was with cosmetics brand Clarins for their first French retail concept store outside Paris in Bordeaux at Cours de l'Intendance 64-66.



Vastned also renewed the lease with Cyrillus for Rue de la Grande Chaussée 33-35 in Lille. In Antwerp Vastned welcomed Michal Negrin to Schuttershofstraat 30.

Vastned realised an average rent increase of 15.0% (€ 133,000) on the leases concluded for core city assets. On the leases concluded for mixed retail locations the rental income fell by 12.2% (€ 180,000). In the smaller cities in the Netherlands, for which eleven of the sixteen leases for mixed retail locations were signed, such as Leeuwarden, Hoorn and Spijkenisse, falling demand for retail space led to lower rents.

	Leasing activity			Rental change	
	in number of leases	in € million	Q1 2017 % of TGOI	Q1 2017 in %	Q1 2017 in € '000
Core city	11	1.0	1.2	15.0	133
Mixed retail locations	16	1.3	1.6	(12.2)	(180)
<b>Total</b>	<b>27</b>	<b>2.3</b>	<b>2.8</b>	<b>(2.0)</b>	<b>(47)</b>

## Acquisitions and divestments

On 8 March 2017, Vastned signed an agreement with a group of local investors for the divestment of the Turkish portfolio by means of the sale of the shares in Vastned Emlak. Vastned realised a positive net result on disposals of € 5.9 million on this transaction, which was completed successfully on 11 April 2017.

Two mixed retail locations were sold: one in Hengelo and one in Enschede for a total of € 1.1 million, 10% above book value.

No acquisitions were made in Q1 2017.

## Events in Q2 2017

### Share buy-back programme started

On 11 April 2017, Vastned announced that a maximum of € 50 million of the sales proceeds of the Turkish entity would be used for a share buy-back programme through a so-called 'Dutch auction'. Shareholders can offer Vastned their shares at a price of between € 33.69 and € 35.19 per share. The tender offer will run until 15 May 2017 at 11:59 pm, subject to extension. If the tender offer period should be extended or the conditions changed, Vastned will announce this no later than 15 May at 7 am.

### All proposals adopted at the Annual General Meeting

The Annual General Meeting of shareholders of Vastned Retail N.V. was held on 20 April 2017. During the meeting all agenda items that were put to a vote were adopted, including the 2016 dividend declaration of € 2.05 per share. The final dividend of € 1.32 per share was made payable on 9 May 2017.

### Acquisitions in Le Marais, Paris

Vastned expanded its portfolio in Le Marais in Paris with two acquisitions. Vastned bought rue des Francs Bourgeois 29 for € 15.8 million including acquisition costs and rue des Rosiers 19 for € 4.0 million including acquisition costs.



Rue des Francs Bourgeois 29 consists of a showroom and retail space, which Vastned will convert into a single retail area of approximately 200 square metres. The retail space is currently not let, but Vastned has concluded a lease with an international retailer starting in August 2017. The seller was a private investor.

Rue des Rosiers 19 has a total floor area of 76 square metres and is let to the Spanish men's fashion brand Scalpers, to whom Vastned also lets Leidsestraat 60-62 in Amsterdam. The seller was a private investor.

These two core city assets are in the well-known shopping streets in the heart of Le Marais and close to our core city assets on rue de Rivoli. These two acquisitions bring Vastned's cluster in Le Marais from zero to six core city assets with a total value of over € 57 million within two years.

## Outlook

Consumer behaviour continues to evolve. In the midst of advancing technology, both older and younger people spend their money differently and experiences are regarded as more valuable. This results in a smaller portion of disposable income being available for retail spending. This means a new reality for many retailers, which they are not always aware of yet. For this reason, Vastned expects more retailers to disappear over the next few years.

For Vastned, focusing on quality remains vital. In acquisitions, the company will continue to focus on growth of the clusters in five selected cities in Europe, such as the recent acquisitions in Le Marais in Paris. These are locations where consumers like to come and where retailers want to have a presence. In addition, we aim to divest about € 100 million in non-strategic assets in the Netherlands.

The effect of the 2016 divestments, the divestment of the Turkish entity in the first quarter of 2017, and the subsequent share buy-back will impact the 2017 direct result. Furthermore, Vastned expects to make further steps this year in the final phase of the rotation of the portfolio. Vastned confirms its previously announced guidance for the 2017 direct result of between € 2.10 and € 2.20 per share.

## Financial calendar 2017

15 May 2017	Close of share buy-back programme*
17 May 2017	Announcement of conclusion of share buy-back programme*
19 May 2017	Settlement of share buy-back programme*
2 August 2017	2017 half-year results
4 August 2017	Ex interim dividend date
7 August 2017	Interim dividend record date
21 August 2017	Interim dividend payment date
1 November 2017	Nine months' trading update 2017

\* Assuming the tender offer period will not be extended

## About Vastned

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

Further information:

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