VastNed Retail
Annual Report 2008

VastNed Retail's property portfolio is characterised by spreading in terms of countries and regions, types and number of tenants as well as types of investment properties.

VASTNED

Key figures

	2008	2007	2006	2005	2004
Results (x € 1 million)					
Gross rental income	132.0	120.6	110.7	106.8	119.5
Direct investment result	60.9	64.4	62.5	59.6	62.2
Indirect investment result	(112.0)	180.1	110.4	98.3	8.0
Investment result	**(51.1)**	**244.5**	**172.9**	**157.9**	**70.2**
Balance sheet (x € 1 million)					
Investment properties	2,014.8	2,093.1	1,730.7	1,487.5	1,360.3
Equity	1,094.4	1,214.9	1,048.1	930.8	847.1
Equity VastNed Retail shareholders	998.2	1,135.8	977.7	862.5	778.7
Long-term liabilities	690.5	617.3	479.0	409.5	453.6
Average number of ordinary shares in issue [1]	16,399,050	16,706,552	16,892,880	16,851,120	16,585,999
Number of ordinary shares in issue (at year-end) [1]	16,417,526	16,362,097	16,876,183	16,903,156	16,746,189
Per share (x € 1)					
Equity VastNed Retail shareholders at beginning of year (including dividend)	69.42	57.93	51.02	46.48	46.53
Final dividend previous financial year	(2.73)	(2.60)	(2.47)	(3.74)	(4.24)
Equity VastNed Retail shareholders at beginning of year (excluding dividend)	**66.69**	**55.33**	**48.55**	**42.74**	**42.29**
Direct investment result	3.71	3.85	3.70	3.54	3.75
Indirect investment result	(6.82)	10.79	6.53	5.83	0.48
Investment result	**(3.11)**	**14.64**	**10.23**	**9.37**	**4.23**
Other movements	(1.61)	0.57	0.25	(0.02)	(0.02)
Interim dividend	(1.17)	(1.12)	(1.10)	(1.07)	–
Equity VastNed Retail shareholders at year-end	**60.80**	**69.42**	**57.93**	**51.02**	**46.50**
Share price (at year-end)	36.00	65.70	77.00	53.75	53.50
Dividend in cash	**3.85**	3.85	3.70	3.54	3.74
or in cash	**2.02**	2.47	3.30	2.54	2.40
and in shares charged to the share premium reserve	**2)**	2.13%	0.53%	1.55%	2.63%
Dividend yield as a percentage of equity VastNed Retail shareholders at beginning of year (excluding dividend)	5.8	7.0	7.6	8.3	8.8
Ratio equity/ investment properties (in %)	54.3	58.1	60.6	62.6	62.3
Ratio long-term loan capital/ short-term loan capital (in %)	73/27	66/34	67/33	69/31	80/20

VastNed Retail has reported its figures in accordance with IFRS since 2005. The 2004 key figures have been adjusted.

1 Taking share buybacks into account.

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

VastNed Retail N.V.

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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

VastNed Management B.V.
Represented by:
R.A. van Gerrevink, CEO
T.M. de Witte, CFO
J. Pars, CIO *

* Member board of management until January 1, 2009

VastNed Retail share

Quotation: NYSE Euronext Amsterdam and NYSE Euronext Paris
ISIN: NL0000288918
Ticker: VASTN.NL

This is the English 2008 annual report. The Dutch version is available on our website in PDF-format only. In case of inconsistencies, the English version shall prevail.

Financial calendar 2009

Tuesday April 7, 2009
General meeting of shareholders VastNed Retail

Thursday April 9, 2009
Ex final dividend 2008 trading
(Record date: Monday April 13, 2009)

Thursday April 9, 2009 up to and including Friday April 24, 2009
Option period final dividend 2008

Monday May 4, 2009
Payment date final dividend 2008

Monday May 18, 2009
Press release three months' results 2009 *
Analysts' conference call/webcast

Monday August 10, 2009
Press release semi-annual results 2009 *
Analysts' meeting/webcast

Wednesday August 12, 2009
Ex interim dividend 2009 trading
(Record date: Friday August 14, 2009)

Monday August 31, 2009
Payment date interim dividend 2009

Monday November 9, 2009
Press release nine months' results 2009 *
Analysts' conference call/webcast

Monday March 1, 2010
Press release annual results 2009 *
Analysts' meeting/webcast

* Before trading

Annual Report 2008
VastNed Retail N.V.

Reinier A. van Gerrevink

Preface CEO

Dear readers of this annual report,

A year ago I was fully convinced that the company would be sold to either IEF Capital or a number of other parties. We were very close to a break-up of the company on attractive terms, but only a few days before the annual general meeting of shareholders of April 8, 2008, the party offering for our Spanish property portfolio reconsidered its offer. Their bid was key in the overall sale of VastNed Retail. Further delays and a negative adjustment for the price led to the decision to abandon the break-up scenario and we were forced to come to the annual general meeting of shareholders empty-handed.

We subsequently complied with the annual general meeting of shareholders' request to continue negotiations with IEF Capital based on their announcement during this annual general meeting of shareholders that IEF Capital reconfirmed their willingness to negotiate with the board of management. IEF Capital eventually withdrew from negotiations in view of the fact that the market had turned against this type of deal and debt financing had become more difficult.

The view of the party that suddenly reconsidered its final offer for our Spanish portfolio was, to my regret, in hindsight very much justified, because the economic situation in Spain indeed deteriorated rapidly, which was reflected in our Spanish property portfolio. Our local team was confronted with payment arrears, a number of bankruptcies and requests from retailers for rent reductions. This is a general problem that affects all property investors in this country. However, we expect this to be a temporary situation and that conditions will pick up again. The Spanish economy slowed down far more than other European economies and construction and development activities were already halted early 2008, resulting in limitations on the supply side. Nevertheless, the state of the Spanish economy impacted our property values in 2008; yields widened, investment volumes dropped and consumer spending is low.

Although the downturn of the world economy is felt in many nations, as a company we feel relatively safe in view of the broad spread we have always strived for in our property portfolio. Quality retail space, especially today, is of vital importance to retailers and remains in strong demand. Focusing on quality, we have sold properties with a less favourable risk-return profile, for example the (Dutch) high street shops portfolio, which was sold at book value. Large volume transactions appear to be rare in the present downturn of the market. Potential buyers do not want to pay too much and prefer to wait for better times ahead.

The company's focus is on (re)letting and improving the attractiveness of our shops and shopping centres. Dealing with rent arrears is at the top of our list of priorities. Our teams are in the right shape to do a good job in that respect. The insourcing of the larger part of the property management in Spain and France over the past two years has given us a competitive edge.

The offering process weighed heavily on the minds of our staff, but eventually nearly everybody stayed on board. After the offering process was cancelled, we reiterated our strategy and continued to promote our company among investors. Due to the turmoil in the financial markets it is quite difficult to attract new funds on attractive terms, either in equity or in loans. Fortunately, we have very close relationships with our main banks, which support us in our strategy of focusing on the present property portfolio. In the meantime, we will keep all hands on deck to overcome this crisis.
Hans Pars, a member of the board of management and CIO of the group, took advantage of a great opportunity and joined Wereldhave to succeed the present CEO.

I would like to comment briefly on the respective country portfolios. Our French property portfolio is doing quite well; in the Lille-portfolio, the disposal of the residential part is running somewhat behind schedule. Ambitious plans have been unfolded for the redevelopment of Plaisir and the extension of Val Thoiry, and good progress has been made in Limoges on the letting side. The high street shops in general show hardly any vacancy, as demand for quality retail space remains high. Rental levels can be maintained and in some situations have increased considerably. Our team is headed by Benoît Dantec, who is confident about the future prospects of the French property portfolio.

In Spain the situation is less promissing. The local team, led by Luis Vila Barron, is fully focused on the letting side and on dealing with arrears and smaller bankruptcies. He is convinced that the present situation will not last too long, but 2009 will be disappointing in many ways. Taking into account the limited activity in the investment market, it is unclear how property values will develop in the near future. We do not look at this aspect too often, since safeguarding cash flows currently has priority.

Belgium is performing well. After the sale of the factory outlet in Messancy, the team, headed by Jean Paul Sols, has had ample time to focus on further improving its core property portfolio, which has resulted in new leases and lease renewals considerably above the previous rental level, demonstrating the portfolio's quality.

The Dutch portfolio provides a great deal of stability. In addition to being highly focused on (re)letting, our Dutch country manager, Jacqueline van der Mispel, spends much of her time on further improving our latest acquisitions, the extension of shopping centre Het Rond in Houten and Retail Park Roermond. Those two centres are doing very well. Our pipeline is limited in volume, with the Lelystad city centre development expected to be completed in the second half of 2009. Values have come down somewhat, but due to strong underlying rental levels they are holding up quite nicely compared to those in other countries. The recent sale of the high street shops portfolio (bookvalue approx. at € 37 million) showed that the (investment) market is still alive. Nevertheless, debt financing is increasingly difficult in the Netherlands, as we have noticed in negotiations on possible disposals. On the letting side we have a solid position, mainly due to demand from national and international chains wishing to expand in the Dutch market.

We have scaled back the acquisition process in Turkey. While the high street shops we own in Istanbul are doing very well, the Bomonti Park shopping centre is affected by stalled residential development adjacent to the centre. We decided some years ago that Turkey, with its attractive growth figures, was to be our fifth core country. That process has been delayed by the present economic environment. We resolved to limit our maximum exposure in Turkey to 10% of our total portfolio, a figure we are as yet far from achieving. Bora Karli leads the local team in Turkey since 2007.

We are pleased that the underlying business stayed relatively good in 2008 and we are confident it will remain so during 2009. It will not always be smooth sailing; improving or maintaining rental levels will be particularly challenging. Tenants' solvency is continuously monitored in order to avoid downside risks. We disagree with the plans to limit Sunday trading in the Netherlands, and we hope that they will be withdrawn soon. Retailers are wise enough to take their own decisions in this respect. The Dutch government limiting retailers' liberty would be a major setback for certain shopping areas, as shoppers will travel to cities which do allow Sunday trading.

Finally I would like to note that in the present economic environment, financial performance is harder to predict than normally. In general, I am relatively optimistic about a recovery of the world economy, but current signs are very mixed, which is why I will not make any predictions about the 2009 direct investment result per share. More importantly, the quality of our property portfolio has improved considerably over the last few years and we should reap the benefits of that. Furthermore, our teams are well set to avoid unpleasant surprises and to maintain sound occupancy and rental levels. I would like to thank the entire staff that stayed loyal to the company during and after the offering process for their contribution and I emphasize once more that they are essential for the future performance of the company.

Yours sincerely,
Reinier A. van Gerrevink, CEO

List of definitions

AFM	Netherlands 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 Netherlands corporate governance code
CPI	Consumer Price Index
EPRA	European Public Real Estate Association
GPR	Global Property Research
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
IVBN	Netherlands Association of institutional property investors
SIIC	Société d'Investissements Immobiliers Cotées
US	United States

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.

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

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

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

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

Market rent
The estimated amount 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.

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 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, net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, management expenses, insurance, letting costs and property tax.

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.

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

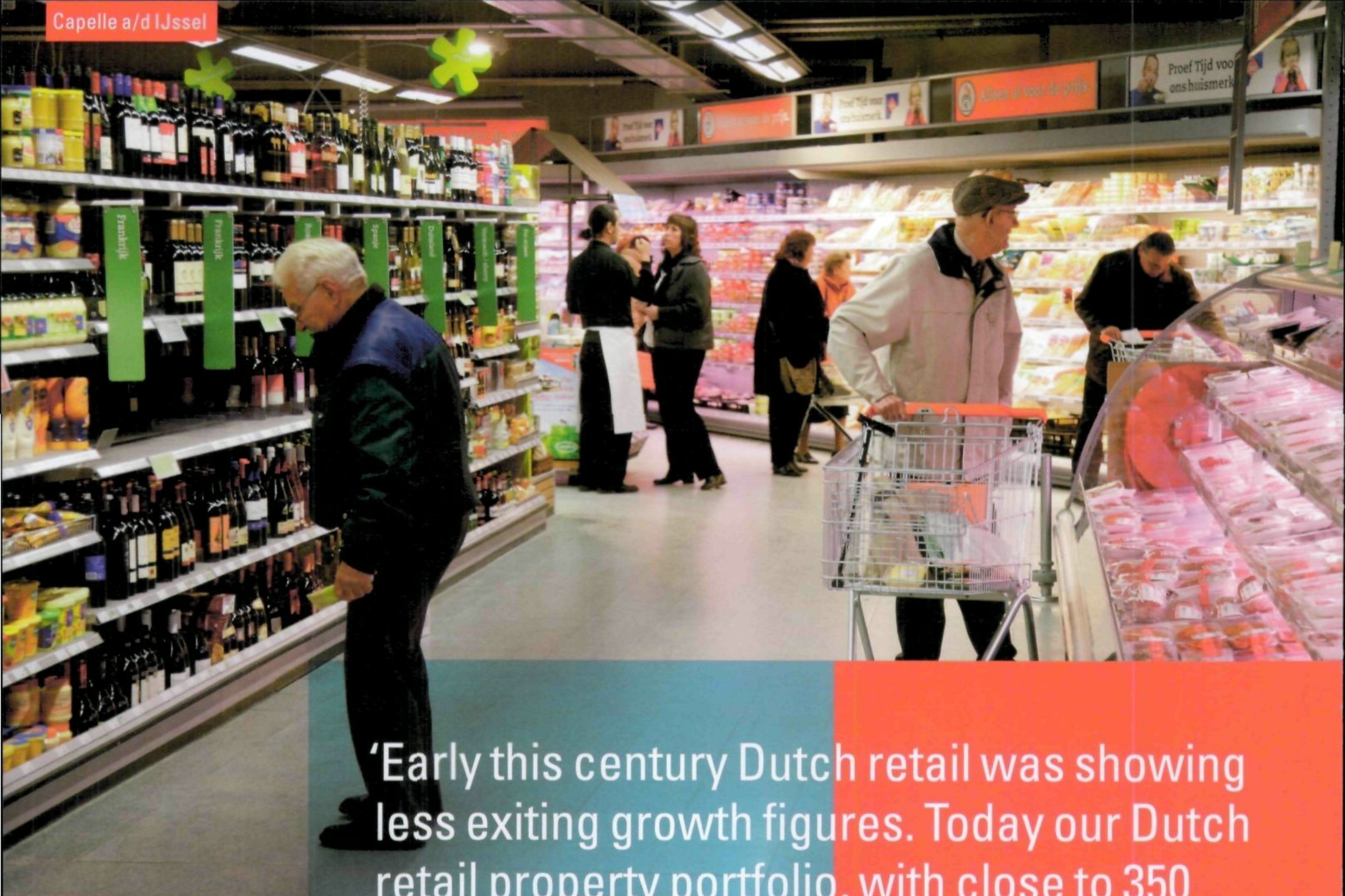
Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straightlining of lease incentives and such, plus the annual market rent of any vacant properties.

Theoretical rental income
The gross rent attributable to a particular period excluding the effects of straightlining 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.

Contents

Capelle a/d IJssel



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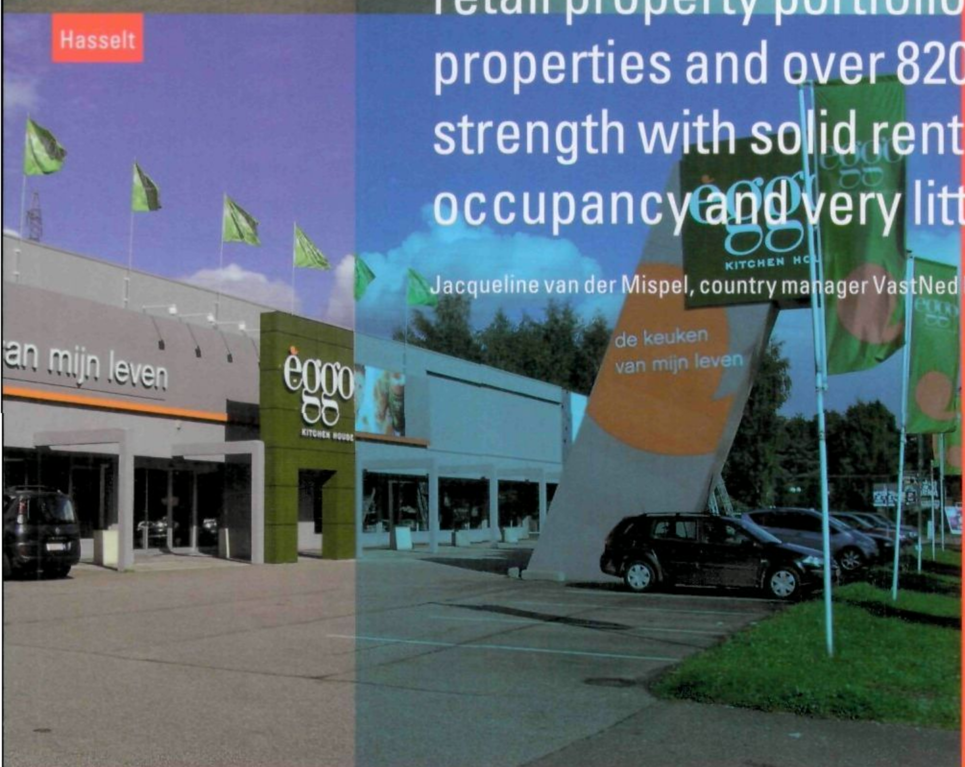


'Early this century Dutch retail was showing less exiting growth figures. Today our Dutch retail property portfolio, with close to 350 properties and over 820 tenants, is proving its strength with solid rental growth, over 98% occupancy and very little arrears.'

Jacqueline van der Mispel, country manager VastNed Retail the Netherlands

Amsterdam

Rotterdam

The Hague

Murcia

Profile and strategy

History

VastNed Retail N.V., founded in 1986, is a (closed-end) property investment fund with variable capital which makes long-term investments in well-let individual retail properties (high street shops), shopping centres and retail warehouses, primarily in the eurozone. The shares have been listed on NYSE Euronext Amsterdam since November 9, 1987 and on NYSE Euronext Paris since December 20, 2004, and are included in the Amsterdam AMX index since March 3, 2008. VastNed Retail is part of the VastNed Group.

Vision

Investing in retail property is clearly linked to the retailers who run their businesses in these shops. This means that in the long run the rent is dependent on the retailer's profits. The retailer's success and the competitiveness of the location are therefore major factors in the long-term success of the retail property investor.

Mission and strategic objective

VastNed Retail offers private and institutional investors an investment product which is primarily focused on retail property. This offers investors the opportunity to benefit from the dynamics of retail markets, striving for a high total return. The total return consists of a combination of direct return based on rental income and indirect return based on value movements of the property portfolio. In the longer term, the objective is to raise the dividend per share through active management of the portfolio.

Investment product and investment methodology

VastNed Retail pursues its strategic objective by focusing on the following investment products and by using the following investment methodology:

- a mix of high street shops, shopping centres and retail warehouses, striving for a balanced investment mix. A ratio of high street shops of between 35% and 60%, of shopping centres of between 20% and 50% and of retail warehouses of between 10% and 30% is aimed for;

- focus on shopping areas and lessees who distinguish themselves through dynamism and competitiveness;
- a balanced risk return profile of the investments;
- focus on four core countries: the Netherlands, Spain, France and Belgium; and focus on the development of Turkey as a future core country with a desired size of approximately 10% of the total property portfolio if attractive conditions for doing so occur;
- aiming for sufficient critical mass in the core countries, so that local management disposes of a sufficient number of functionalities, and;
- focus on an optimum spread within the property portfolio, using the following spread criteria: countries, regions, cities, spreading in categories, number of properties, number of lessees, limitation of the size of the property and limitation of the size of individual lessees.

Size

At year-end 2008, VastNed Retail's property portfolio in operation represented a value of € 1,967.2 million (€ 2,064.5 million) and at that time was composed as follows:

- 45% high street shops;
- 41% shopping centres;
- 13% retail warehouses, and;
- 1% other.

Fiscal structure

VastNed Retail qualifies as a fiscal investment institution as meant 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 exempt from income tax. To a great extent the French property portfolio equally is exempt from corporate income tax under the locally applicable SIIC regime. An attractive tax climate is an important factor in investment selection. The investments in Spain, Turkey and Portugal are subject to regular taxation. Applying for to be developed new Spanish REIT-regimes (Socimi or SII) is currently studied.

Financing policy

The starting point is that the financing of the property portfolio with loan capital remains limited to approximately 40 to 45% of the market value of the property. This principle can temporarily be deviated from should interesting acquisition or sales opportunities present themselves, and provided the interest rate is at an acceptable level compared to the yield on the property. VastNed Retail will operate within the financing limits as meant in Section 28 of the 1969 Netherlands Corporate Income Tax Act. Also, a balance is aimed for between financing with short-term and long-term fixed interest periods. In prevailing circumstances interest derivatives are used. In times when the VastNed Retail share price trades at a premium compared to net asset value, it may be attractive to issue new shares. The starting point for this is that the issuing of new shares will only take place if there are investment opportunities in the foreseeable future. The decision for issuance and repurchase of shares is at the board of management, taking into account the margins and conditions set by the supervisory board.

Currency policy

VastNed Retail aims to avoid currency risks by investing primarily in the eurozone. When currency risks occur, their scope is limited by careful matching of 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 138 in this annual report.

Dividend and reservation policy

VastNed Retail's dividend policy is aimed at putting the direct investment result fully at the disposal of the shareholders. In order to comply with the conditions for fiscal investment institutions, at least the fiscal result must be paid out in cash. The dividend is placed at the shareholders' disposal in the form of an interim dividend of 60% of the direct investment result for the first six months of the financial year, and a final dividend after conclusion of the financial year.

Acquisition policy

VastNed Retail pursues an active acquisition policy. New investment opportunities are constantly being assessed. In the acquisition of pipeline projects, the development risks are generally transferred to contracted project developers and building contractors. In case of early involvement in the design and the composition of the tenant mix, leasing risks may be accepted. Our policy is that acquisitions will only take place if the market conditions are favourable, if the risk return profile is balanced and if the capital ratios permit it. In this context, acquisition opportunities are constantly offset against financial alternatives such as share buybacks.

Risk management

VastNed Retail pursues an active policy in the area of assessing and, if necessary, taking appropriate action regarding the risks associated with investing in property. In this context, a distinction is made between strategic risks, operational risks, financial risks, reporting risks and compliance risks.
A more elaborate description of VastNed Retail's risk management can be found in the chapter Report of the board of management and Risk management on page 138 in this annual report.

Organisation

VastNed Retail pursues an active management of its property portfolio; in the countries in which it operates, fully-fledged local management is aimed for. With 108 employees in total, VastNed Management in Rotterdam, VastNed Management España in Madrid, VastNed Management France in Paris, Intervest Retail and Intervest Offices, both in Antwerp, VastNed Management Deutschland in Frankfurt and VastNed Emlak Yatırım ve İnşaat Ticaret in Istanbul manage the investments of VastNed Retail and VastNed Offices/Industrial. VastNed Management has no profit objective, but facilitates the funds with directory board and management.

A cost allocation agreement applies to the collaboration between VastNed Retail, VastNed Offices/Industrial and VastNed Management. Costs incurred are charged on, without mark-up for profit, based on causation. 67% of the shares in VastNed Management are held by VastNed Retail, and 33% by VastNed Offices/Industrial.

Self management is the best condition for optimum leasing to creditworthy tenants and for guarding the physical state in which the properties are kept. Carrying out commercial and administrative management ourselves, where possible, makes for direct contact with the tenants and the property market, so that market developments can be alertly responded to and operating expenses can be responsibly controlled. Technical management is largely subcontracted to local specialists.
By maintenance, renovation and disposal of objects that no longer fit in with the property portfolio, an optimum state and value of the property are secured for the benefit of the return for shareholders. The property markets in the various countries are subject to locally applicable legislation and regulations. A local network as well as specialised know-how of local culture provide a head start in terms of operating the property. VastNed Retail strives to undertake these efforts from within the country itself where possible.

From left to right Jeroen B.J.M. Hunfeld, N.J. (Klaas) Westdijk MBA, Wouter J. Kolff, Pieter M. Verboom

Report of the supervisory board

Introduction

The supervisory board of VastNed Retail looks back on 2008 as an extraordinary year that was marked by the continuation of the offering process started in 2007 for all outstanding VastNed Retail shares, the subsequent cancellation of this process and the credit crisis worsening to unprecedented levels in the second half of 2008. These developments were reason for increased involvement and led to more meetings. The supervisory board of VastNed Retail held 16 meetings in 2008 which were attended by the board of management, a number of which were conducted by means of conference call. The supervisory board also met in the absence of the board of management. The topics discussed at these meetings included the above-mentioned offering process, the state of affairs and risks in the property portfolio, the strategy and risks of the company as a whole as well as aspects thereof such as new markets, the financial results and their disclosure in press releases and the annual report, the financing structure of the company and its resilience in the face of the credit crisis, the supervisory board's own performance and the performance of the board of management and the general counsel, the composition of the board of management, the performance of the external auditor, the supervisory board's remuneration and the remuneration of the board of management, corporate governance and the performance of the subcommittees of the supervisory board, including the reporting by these committees. The supervisory board was provided with sufficient information by the board of management at all times. None of the members of the supervisory board was absent.

Indicative offer on VastNed Retail shares

Subsequent to the 2007 developments regarding the indicative offer on VastNed Retail shares by IEF Capital, the company received a number of non-binding offers for parts of the company and for the company as a whole in early February 2008. These parties were granted additional time to prepare definitive offers. The company received definitive offers for parts of the company in early March 2008. On March 6, 2008, IEF Capital withdrew from the offering process since, according its press release, it had resolved to consider alternative investment options. Subsequently, VastNed Retail continued negotiating and studying in depth the feasibility of selling VastNed Retail in parts to multiple buyers (break-up scenario). In the beginning of April 2008, negative adjustment of an offer for the Spanish portfolio that was critical for the overall transaction led to the decision to abandon this break-up scenario. The final outcome had become uncertain and the process involved considerable execution risks. The supervisory board and the board of management announced this in a press release of April 4, 2008 and stated that the company would resume its existing investment strategy.

The supervisory board scheduled the offering process as an agenda item on the annual general meeting of shareholders of April 8, 2008. After the board of management's and the chairman's presentation VastNed Retail's largest shareholder, Netherlands-based pension fund PGGM, requested that the supervisory board and the board of management resumed talks with IEF Capital. IEF Capital stated in the shareholders' meeting that they would be able to comfirm their earlier indicative offer. The request was granted and parties signed an exclusivity agreement for six weeks commencing on April 28, 2008. Furthermore, the company added Mr Klaas Westdijk, vice-chairman of the supervisory board, to the transaction team. On May 23, 2008, VastNed Retail announced in a press release that it had been informed that IEF Capital would not pursue a public offer for VastNed Retail due to IEF Capital's assessment of the market in conjunction with the weakened financing market conditions. VastNed Retail reconfirmed in the same press release that it would continue to focus fully on further developing its business on the basis of its strategic plan aimed at international growth and creation of shareholder value.

Annual general meeting of shareholders 2008

Next to the offering process for the VastNed Retail shares, multiple subjects were discussed including the remuneration of the members of the management board. The proposal to grant each member a retention bonus and a periodic increase of their salaries was rejected by the shareholders' meeting.

Corporate governance supervisory board

A major component of the corporate governance structure is the structure of the supervisory board as a body of the company. As mentioned earlier, Mr Westdijk was part of the transaction team for the last phase of the offering process during which IEF Capital was granted exclusivity, acting in his capacity as a member of the supervisory board and not as an executive. The supervisory board has taken note of the updated Netherlands Corporate Governance Code (the 'Code') published on December 10, 2008. The supervisory board supports the changes to the Code and will take into account the Monitoring Committee's findings where applicable for future updates of the various corporate governance regulations.

Annual accounts 2008

The annual report drawn up by the board of management includes the 2008 financial statements audited by Deloitte Accountants B.V. The supervisory board is in agreement with this report and with the 2008 financial statements and recommends that the general meeting of shareholders adopts the 2008 financial statements in the form as presented.

Dividend and reservation policy

In line with previous years, VastNed Retail will distribute the direct investment result fully to its shareholders. The supervisory board discussed the present dividend policy and decided for continuation of the full pay-out of the direct investment result per share. Part of the dividend may be paid out to the shareholders as stock dividend changed to the share premium reserve. In order to comply with the conditions for the Dutch fiscal investment institutions, at least the fiscal result must be paid out in cash. In September an interim-dividend is paid based on 60% of the direct investment result per share for the first six months of the financial year. In May the final dividend will be paid based on the total direct investment result per share.

Dividend proposal

The board of management proposes to distribute the direct investment result before the costs of the offering process.
We are in agreement with this proposal of the board of management to distribute a final dividend per share having a € 5 nominal value as follows:

- 5% in cash on the priority shares;
- a pay-out on the ordinary shares, after deduction of the interim dividend of € 1.17, of € 2.68, of which:
- € 2.68 in cash less 15% dividend withholding tax, or;
- € 0.85 in cash less 15% dividend withholding tax, plus a percentage in shares yet to be determined, depending on the share price, but approaching a cash equivalent of € 1.83, charged to the share premium reserve, without deduction of dividend withholding tax.

Composition of the supervisory board

The supervisory board is composed as follows:
Mr Wouter J. Kolff, *chairman*
Mr N.J. (Klaas) Westdijk, *vice-chairman*
Mr Pieter M. Verboom (*audit committee chairman*)
Mr Jeroen B.J.M. Hunfeld (*audit committee member*)

The curricula vitae of the supervisory board members are set out in the chapter on corporate governance included elsewhere in this annual report.

Committees of the supervisory board

The supervisory board has three active committees: the audit committee, the remuneration committee and the selection and appointment committee.
All committees do have two members.

Audit committee

Mr Verboom is the chairman of the audit committee and Mr Hunfeld is a member. In 2008 the audit committee met on four occasions. It is the task of the audit committee to advise the supervisory board in the area of finance. Topics that were addressed included financial reporting, budgeting, the role of the external auditor, tax issues/risks, compliance (inter alia with the Netherlands Authority for the Financial Markets), IFRS, interest rates and financing risks, the impact of the credit crisis on both financing and property values, letting risks, catastrophe and liability risks, debtor risks, internal control, IT systems, legal risks and the follow-up of recommendations of the external auditor as well as the findings of the audit by the external auditor.
All audit committee reports have been made available to all members of the supervisory board and were discussed at the subsequent meeting of the supervisory board.

Remuneration committee

The remuneration committee comprises Mr Westdijk (chairman) and Mr Kolff. It is the task of the remuneration committee to advise the supervisory board in the area of the remuneration policy to be pursued for the directors. This committee met on three occasions in 2008. The remuneration committee has prepared the 2008 remuneration report, which will be discussed by the general meeting of shareholders on April 7, 2009 and which is included in this annual report. All members of the remuneration committee are also members of the supervisory board of VastNed Management. Coordination with the remuneration committee of VastNed Offices/Industrial takes place in the meetings of the supervisory board of VastNed Management, since the board of management manages both funds and their remuneration reflects their activities for both funds.

Selection and appointment committee

The selection and appointment committee is comprised of the chairman and the vice-chairman of the supervisory board. The supervisory board met one time for discussions in the area of selection and appointments.

Changes on the board of management

In the beginning of October 2008, Mr Hans Pars, member of the board of management, decided to leave the company in order to accept a position as member of the board of management of the Dutch property investment fund Wereldhave, succeeding the present chief executive officer in the course of 2009. The supervisory board is grateful to Mr Pars for his efforts and his achievements for VastNed Retail and wishes him all the best in his new position.

Changes on the supervisory board

The composition of the supervisory board remained unchanged during 2008.

Profile of the supervisory board

The supervisory board profile guarantees that the supervisory board is composed properly, meaning that based on available knowledge and experience effective supervision on the board of management of the company can be exercised. This profile is available on the website of the company; copies may be obtained at the office of the company. The supervisory board certifies that all its members are independent as defined in the Netherlands corporate governance code.


E S S
ilano • amore • bell
ngiorno • ciao • pia

Peter van Eijl and Jonathan Teoh, owners of Doppio, Groningen

'Our outlet is in an A-1 location in the centre of Groningen. This is why many of our visitors are specifically looking for quality products, which in our case is top-quality coffee.'

Bussum

Bruges

'Today we are facing different challenges. With retail sales under pressure, we are, more than ever, very carefully monitoring our tenants' payment conduct. That's the way to stay away from unpleasant surprises.'

Luis Vila Barron, country manager VastNed Retail Spain

Madrid

Retirement roster

The retirement roster for the next few years is as follows:

- Mr N.J. (Klaas) Westdijk, 2009 (eligible for re-election)
- Mr Wouter J. Kolff, 2010 (eligible for re-election)
- Mr Jeroen B.J.M. Hunfeld, 2011 (eligible for re-election)
- Mr Pieter M. Verboom, 2012 (eligible for re-election)

The articles of association stipulate that a term of office is limited to three terms of four years. Thus, VastNed Retail acts in accordance with best-practice provision III.3.5 of the Code.

General meeting of shareholders

The agenda of the general meeting of shareholders of April 7, 2009 and the associated shareholder circular will be published in the middle of March 2009.

Personnel

The supervisory board thanks the board of management and the employees for their efforts and loyalty during the year under review.

Rotterdam, March 6, 2009
On behalf of the supervisory board,
Wouter J. Kolff, chairman

From left to right Reinier A. van Gerrevink, Tom M. de Witte, Arnaud G.H. du Pont

Hendrik-Ido-Ambacht

Report of the board of management

Economy and markets in general

Economy

A perfect storm with rising and falling inflation, a declining dollar, plummeting stock prices, the bursting of the house price bubble in various countries, and the near collapse of the financial system in 2008 had a tremendous effect on consumers, who got scared and rapidly scaled back spending. The speed at which consumers gather economic information and react to it is an unpleasant side-effect of today's information economy. Central banks and governments moved quickly to apply every tool available to them in the form of lower interest rates, rescue packages and massive (fiscal) stimulation of the economy. The eventual effect of all these measures is still unknown as it takes time to change behaviour. It will probably take a great deal more time than it took consumers to scale back their spending.
The rollercoaster rides seen in the financial markets and real economies worldwide gave meaning to volatility again and thus to risk. Commentators named it the 'credit crunch'.

It is clear that it will take time to recover from such a blow. The following can be said about the timing of the recovery in the economy. Official interest rates are declining rapidly and that should have an effect in 2009. Oil and commodity prices have already declined a great deal, which has had an almost immediate impact on economic growth.
The stimulation packages adopted by various governments are also likely to have an effect sometime in 2009 and most probably in 2010. The blow to the economy in the last quarter of 2008 and very probably also in the first quarter of 2009 will turn out to be huge, which also means that the year-on-year comparative growth figures will improve from the last quarter of 2009 onwards. This makes it therefore highly plausible that an economic recovery will arrive in 2010. The longer term-damage to the world economy, however, is still unknown. Many of the imbalances in especially the economy of the United States are still there and even widened because the massive stimulation packages have increased the country's debt position.

In the previous annual report the view was expressed that there would be an interim downwards adjustment of economic growth customary in economic cycles, which at the time was the consensus economic view. Various downside risks to this growth scenario were mentioned, which did materialise and led to economic growth fading away. What was not expected, however, was a near-meltdown of the financial sector and the resulting massive loss of consumer confidence.
The jury is still out who is to blame for the near collapse of the financial system, but the western economic system always pretended these kind of risks were under control by central banks and various other institutions who control the financial sector. The call for reform is logical and found a willing ear. It will take time before confidence in the financial system returns. In the meantime the extent of write downs within the financial sector is not known yet. Looking at the scale of the problems it seems likely that further capital injections in the financial sector will be needed.

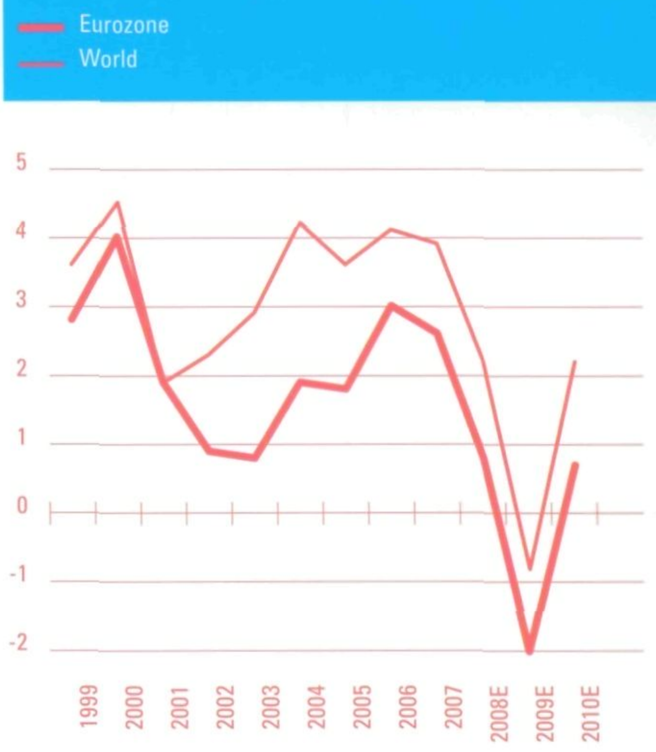
Many risks to economic growth have not gone away and remain in place, such as the supply/demand imbalances on the oil and commodities markets. A recovery of economic growth might easily send prices spiralling upwards, pushing up inflation and interest rates significantly. A new downside risk is the wealth effect. It is very possible that consumers will limit their spending for a long time so as to be able to repair the damage done by the credit crisis to their personal balance sheets. The worst-case scenario would be a deflationary economic environment caused by consumers continuing to postpone spending.
A new risk is also that the economic rescue packages may not have the desired effect on economic growth, leaving governments with higher budget deficits with very little in return. In spite of all these dangers to economic growth, the consensus is that the global economy will start to recover in 2010.

Retail market

Due to the delayed impact of the economic slowdown on rental income in the retail markets relevant for VastNed Retail, the company performed relatively positively in 2008. Leasing results in the property portfolio showed an ongoing trend towards higher rents compared with the previous rents. The strong decline in consumer confidence in the eurozone in the second half of 2008 along with the downturn in the economy already observed in the last quarter of 2008 will make it hard to achieve similar results in 2009.

The turnaround in consumer confidence was especially noticeable in the sub-indicator for major purchases (cars, furniture, computers and electronics). This index,

REAL GROWTH OF GDP (in %)
Source: Consensus Forecasts



which measures consumers' intention to make major purchases within a year's time, declined to historically low levels. Car purchases in particular dropped fast in the last quarter of 2008, while holiday bookings also slowed. The Christmas period in the eurozone showed different results from country to country. Sales in Spain slowed considerably across the board, while sales in the Netherlands did relatively well. However, in all countries major purchases fell. Food sales did relatively well as consumers spent less time in restaurants and more at home.
In conclusion, the effects of the downturn in the economy on retail sales offers a very mixed picture. However, negative economic growth will undoubtedly impact retail sales across the board.

The burst of the housing market bubble in various countries also affected consumers. No longer can they feel comfortable with the equity value of their homes and it has become much more difficult to convert the equity of one's home into cash for consumption, a trend observed for many years during the housing market bubble. Much of such spending has gone into cars, boats, second homes and other major purchases. In the retail sector, declining sales will especially affect the home and garden sectors. A strong positive driver in this respect is the decline of official interest rates resulting in lower mortgage interest rates, albeit with a time lag. Especially in countries in which mortgage interest rates are linked to short-term interest rates this will provide some relief for household budgets. Together with anticipated relief from lower energy prices, which households are starting to enjoy, consumer confidence may start to rise again.

Over the past few years internet sales have enjoyed strong growth and have become a factor for retailers to take seriously. Internet sales are developing positively in countries in which mail order was already an established business. In countries like Spain in which mail order purchases never took off, internet sales are much lower than in other countries. Now that the internet is maturing, the success factors for retailers are becoming clearer. Internet businesses who have been able to brand themselves are doing very well. Other success factors are strong competition on price and providing a deep product range as the internet reaches far more people than any individual shop can. Traditional mail order businesses that migrated their business to the internet under their well-known brand name are also thriving. In the Netherlands, Wehkamp successfully migrated to the internet using a shop-in-shop concept on their website together with C&A, both companies profiting from each other's strong brand name. In addition, the Wehkamp website has a factory outlet platform with various brand names selling back-catalog clothing ranges. Internet also offers good business to retailers with a strong brand name in traditional retailing. A good example is the success of H&M on the internet seen in several countries. Internet will increasingly provide competition to traditional retailing, but retail sectors that are dynamic and competitive will be able to withstand this competition and provide consumers with the retail environment they like.

While the economic climate may be difficult, the performance drivers of retail property remain the same. The most important ones are the location of the retail property and the success of the retailer. Retailers depend to a large extent on the footfall in front of their shop. The popularity with consumers or in other words the competitiveness of a retail area, be it a shopping street, a shopping centre or a retail park, impacts the footfall numbers. Some retailers are very successful and manage to attract large numbers of customers almost regardless of the location of their shop. It is clear that successful retailers located in a certain retail area will add to the attractiveness of that area to the consumer and thus to the competitiveness of that area. Retailers with strong brands, like H&M and Media Markt, add even more to this attractiveness. Another retail performance driver is the economic growth in the area and consumer income growth. Especially the differences in economic growth and income levels between one retail area and another impact sales performance. The performance drivers concern differences in the strength of the location, in the contribution of successful retailers and in economic background. Such differences will determine how the present downturn in the economy will impact the property portfolio. A good-quality property portfolio will be resilient. VastNed Retail has always focused on mitigating the largest specific risks on the downside by selling properties with a weak competitive profile and acquiring strongly competitive properties. The policy of continuous improvement while maintaining a good spread within the property portfolio over countries and numbers of properties will be continued.

The retail property investment market differed from the rental market in 2008. In the first half of 2008 it became apparent that financing property deals had become more difficult. As a result, deals either did not materialise or investors backed out of deals and postponed their expansion plans. Soon a gap developed between what potential investors were willing to pay and the price potential sellers were asking. It was clear that values would decline as the sellers' markets changed into a buyers' market. A shortage of investment deals, however, made it hard to determine where values would end up.

Prior to 2008, retail property had seen significant value increases for a number of years which were mainly due to a supply and demand situation favorable to value increases. The underlying rental stream only partly supported this value increase. This situation has now changed. In the fourth quarter of 2008 values fell in all countries in which VastNed Retail invests. This decrease in value was not supported by the underlying rental cash flows, because letting results were quite good in 2008. Good letting results and indexation of rents did not compensate for the rise in initial yields. Lower interest rate levels together with higher initial yields indicate a higher risk premium for property.

Risks

The fundamental imbalances in the economy of the United States remain largely the same. Although the trade deficit might improve under the influence of a falling oil price and much lower consumer demand, this effect will be mainly cyclical. Structural improvement in energy consumption and economic production of goods at home is needed. Large government budget deficits remain and are rising strongly. The United States seems more than ever dependent on the willingness of the rest of the world to finance its economy. Although the dollar seems low, the risk of the dollar going even lower has not disappeared. A further fall of the dollar will heighten the sense of crisis. Economic growth in the eurozone would come under further pressure as exports would be hit further by an expensive euro.

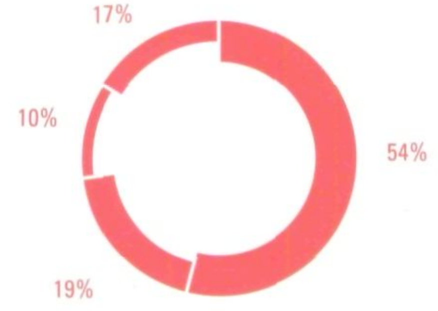
Oil and commodity prices are a result of a structural mismatch in supply and demand. The past few years have shown that supply is very inelastic and demand may drive up prices very rapidly. Although demand has come under cyclical pressure and therefore is much lower at this time, the structural mismatch remains in place. Once an economic recovery gets under way there is a clear risk that oil and commodity prices may spiral upward, causing inflation and interest rates to rise again.

The flipside of the coin is deflation. When as a result of the present economic slowdown prices fall, deflation will grip the economy. Consumers will start to postpone spending, as products will be cheaper in the future. The economic downturn which the world is experiencing today would deepen considerably. Such a situation might arise if the present massive stimulation packages provided by various

DUTCH PROPERTY FUNDS
Development premium (discount) (in %)

VASTNED RETAIL
Industry spread total property portfolio

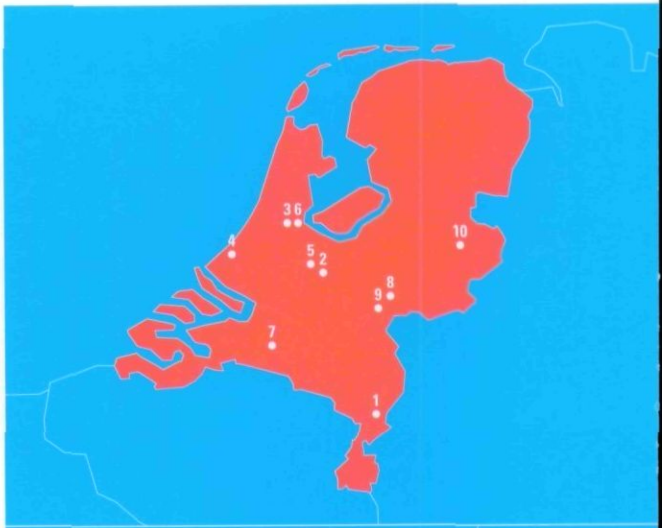
Non-food 54%
Food 19%
Home and garden 10%
Other 17%



Top ten properties

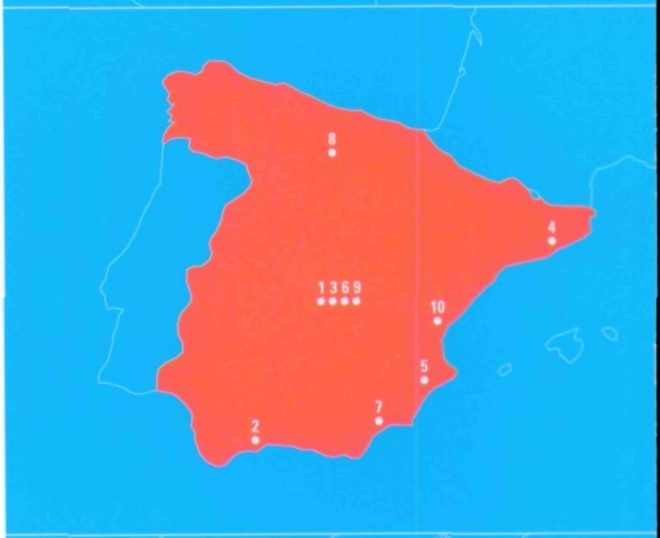
NETHERLANDS


1



SPAIN


1



FRANCE

1

BELGIUM

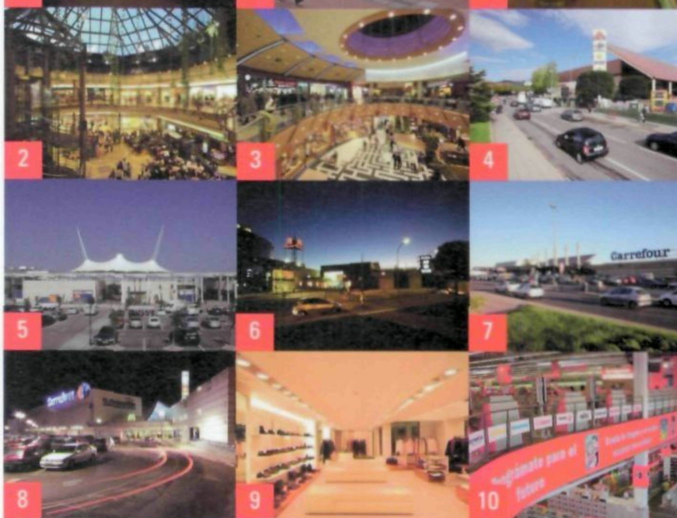
1

	As at December 31, 2008 (x € 1,000).	Appraisal value	Gross theoretical rental income	Occupancy (in%)	Number of tenants
1	Roermond, Schaarbroekerweg 14-58	55,500	3,775	100.0	18
2	Houten, shopping centre 'Het Rond' *	47,000	3,166	99.9	116
3	Amsterdam, city centre	32,000	1,691	98.8	21
4	The Hague, city centre	30,000	1,885	98.2	27
5	Utrecht, city centre	29,600	1,737	100.0	23
6	Amsterdam, Buikslotermeerplein	20,100	1,205	100.0	3
7	Breda, city centre	16,400	980	100.0	11
8	Arnhem, city centre	13,500	924	82.1	13
9	Nijmegen, city centre	13,000	884	100.0	13
10	Winterswijk, city centre	11,600	837	100.0	16

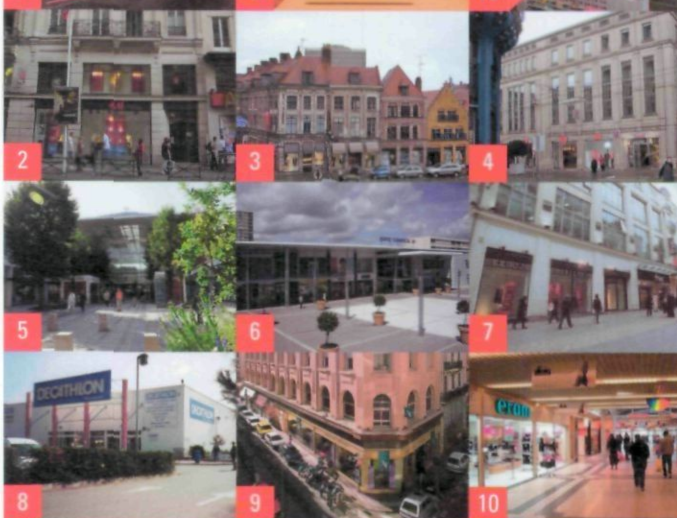
* Value based on 50% share in shopping centre 'Het Rond'

1	Madrid, Centro Comercial 'Madrid Sur'	82,300	5,770	97.4	73
2	Malaga, Centro Comercial 'La Rosaleda'	71,300	5,014	97.7	58
3	Madrid, Centro Comercial 'Las Rosas'	66,500	4,528	99.5	104
4	Badalona, Centro Comercial 'Montigalá' *	53,400	3,655	100.0	54
5	Alicante, 'Parque Vistahermosa' *	45,100	3,642	100.0	6
6	Madrid, Centro Comercial 'Getafe III'	46,300	3,886	98.6	49
7	Murcia, Centro Comercial 'Las Atalayas'	35,500	3,049	87.4	43
8	Burgos, Centro Comercial 'El Mirador'	30,900	2,176	92.8	44
9	Madrid, Calle Serrano 36	13,500	544	100.0	1
10	Castellón de la Plana, Calle Grecia 4	11,900	872	100.0	1

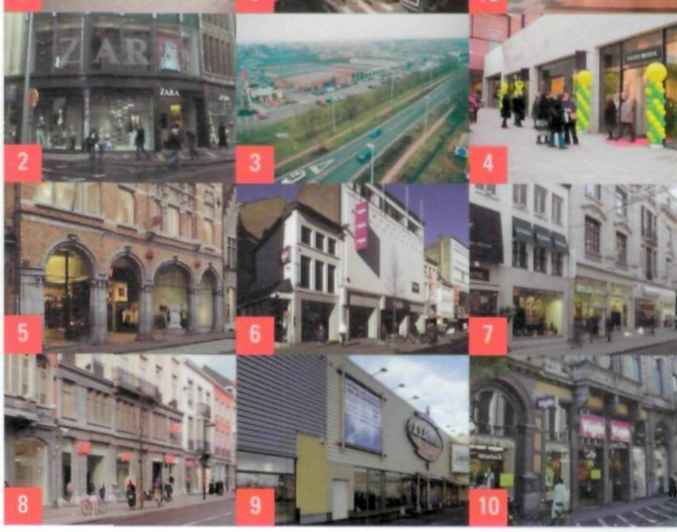
* Partly under renovation



1	Thoiry, Centre Commercial 'Val Thoiry''	85,300	5,165	100.0	62
2	Paris, city centre	76,900	4,297	99.2	14
3	Lille, city centre	65,100	4,613	100.0	52
4	Nancy, Rue Saint-Jean 45-55	31,900	1,972	100.0	8
5	Dunkirk, Place Emile Bollaert	29,400	2,167	96.5	18
6	Limoges, Centre Commercial 'Carrefour Limoges-Corgnac'	17,600	1,590	100.0	18
7	Angers, Rue Lenepveu 25-29	15,900	988	100.0	5
8	Nice, Route de Grenoble 604	7,400	538	100.0	1
9	Cannes, Rue d'Antibes 40	5,800	328	100.0	1
10	Limoges, Centre Commercial 'Beaubreuil'	5,700	488	91.7	14



1	Antwerp, city centre	39,500	2,296	99.2	14
2	Brussels, Elsensesteenweg/Louizalaan	31,600	1,974	97.4	11
3	Tielt-Winge, Aarschotsesteenweg 1-6	22,000	1,625	97.7	23
4	Tongres, shopping centre 'Julianus'	19,826	1,296	100.0	24
5	Bruges, Steenstraat 80	15,050	841	100.0	2
6	Mechelen, city centre	14,300	842	100.0	4
7	Ghent, city centre	10,400	646	100.0	6
8	Leuven, Bondgenotenlaan 69-73	9,700	581	100.0	2
9	Wilrijk, Boomsesteenweg	9,500	644	100.0	6
10	Turnhout, Gasthuisstraat	9,300	641	100.0	2



governments should not have the desired effect, because consumers prefer to repair their personal balance sheets over spending their money.

House prices have come under pressure in 2008 both because increased unemployment has led to foreclosure sales and because banks are less willing to provide mortgages or to a lesser extent. In many countries it was nearly impossible for first-time buyers to get on the property ladder. Falling house prices will not change this much as banks will continue to be conservative in providing mortgages. If the economic recovery turns out to be weak or fails to arrive, house prices will decline further, which would generate a negative wealth effect for consumers, just as there was a positive effect when house prices were rising. Negative wealth effects negatively impact economic growth.

Limited population growth in the eurozone has become a structural factor which lowers the long-term growth rate of the economy. If the economy recovers, a higher participation rate of the population in the economy as well as a focused immigration policy with for example the Blue Card initiative will be needed to improve growth prospects for the longer term. Failure to achieve this would increase downside risks with future slowdowns in economic growth.

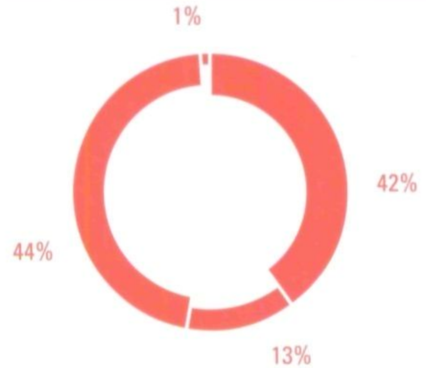
Stock exchange

Share prices of listed property funds go through waves of discounts and premiums on net asset value. In the first half of 2007, the property funds listed on NYSE Euronext Amsterdam traded at a historically very high premium compared to net asset value, only to fall to a historically low discount on net asset value at the end of 2008. In less than two years' time the prospects of the property industry saw a dramatic reversal of fortune. Clearly, the massive fall in share prices reflected a fall in property values and a higher risk to leveraged positions. Maybe the share prices have overreacted. The fall in share prices might also be caused by the strong decline in stock markets forcing investors to liquidate positions due to redemptions and/or margin calls.

Lower interest rates together with lower property values imply higher risk premiums in property compared to government bonds. This development is expected to continue in 2009. The bottom in values will eventually be defined by the level at which risk premiums in property stand compared to the risks on government bonds. Additionally, the price floor of property shares is also determined by the perceived risk of the leveraged position.

VASTNED RETAIL
Sector spread total property portfolio

Shopping centres 42%
Retail warehouses 13%
High street shops 44%
Other 1%



TOTAL ANNUAL RETURN (in %)
Source: Global Property Research (GPR), Bloomberg

GPR 250 Europe
GPR 250 Netherlands
VastNed Retail

The Netherlands

Economy

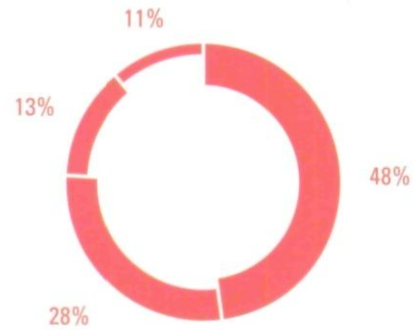
Growth in the Dutch economy was still positive in 2008 at a growth rate of 2.0% versus 0.9% in the eurozone as a whole. The Dutch Central Bank and the government were quick to react to the sharply worsening economic conditions with various measures widely approved by the Dutch citizens, bolstering the popularity of the governing coalition. The budget surplus is allowed to turn into a budget deficit in order to stimulate economic growth. Painful structural adjustments to the economy have already been made earlier this decade and that is an advantage in the present economic crisis. However, the Dutch economy is very open and will be affected by the downturn of world economy. The economy is expected to shrink in 2009.

Retail market

Retail trade in the Netherlands slowed down considerably in 2008 under the influence of the economic downturn and the uncertainty concerning house values. Major purchases were postponed, especially in the second half of 2008. Food retail did rather well as more people stayed at home instead of eating out. In 2009, it is expected that retail sales will come under pressure as a consequence of rising unemployment and continuous uncertainty in the housing market. Although prices in the housing market have already been levelling off for some time, before 2008 no decline in prices had been observed. At the end of 2008, it became clear that house prices were declining and there are now serious doubts about the extent of future value decreases.
In food retail, Albert Heijn has re-established its position as market leader and in the process increased its market share substantially to above 30%.
The competition now has much smaller market shares. A major advantage for Albert Heijn is that the price war it started has effectively killed off its competition in some important market segments. The XL supermarkets with some 4,000 sqm of floor area are now almost exclusively their domain. The same has happened with small convenience stores – 'AH to go' – near public transport hubs. The only real competition is in supermarket formats of between 1,000 and 2,000 sqm, even though in that segment, too, Albert Heijn is far and away the biggest. Albert Heijn's present domination of the food retail market will probably prevent a new all-out price war. It is in everybody's interest to follow the leader.
In non-food, the opening and expansion of new retail formulas is still ongoing. One of the leading retail formulas in the Netherlands, Hema, announced that

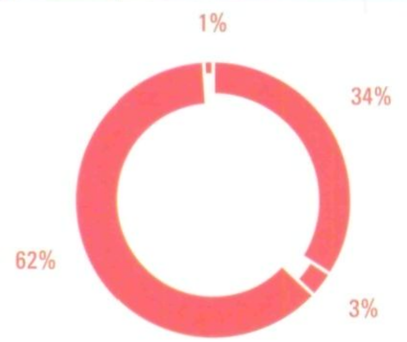
NETHERLANDS
Industry spread

Non-food 48%
Food 28%
Home and garden 13%
Other 11%



NETHERLANDS
Sector spread

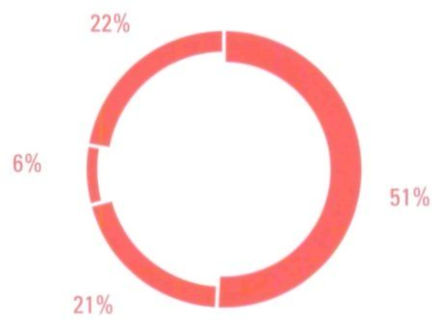
Shopping centres 34%
Retail warehouses 3%
High street shops 62%
Other 1%



it had opened 64 new shops in 2008 and plans to open another 50 in 2009. This company will now also open a new format near public transport hubs. In the fourth quarter of 2008, new retail formats were also announced as well as expansion plans for existing ones. Two retail formulas are worth mentioning, either selling coffee in packaged format or for consumption on the premises, which are planning to expand by opening 150 new stores. New style Retail Park Roermond acquired by Vastned Retail in 2008, has shown good results in the first year of business. Clearly, there is a strong demand for these kinds of retail parks in the Netherlands, which combine a XL supermarket with various non-food retail. Retail Park Roermond has an attractive design and is the first of a new generation of retail parks in the Netherlands.

SPAIN
Industry spread

Non-food 51%
Food 21%
Home and garden 6%
Other 22%



Spain

Economy

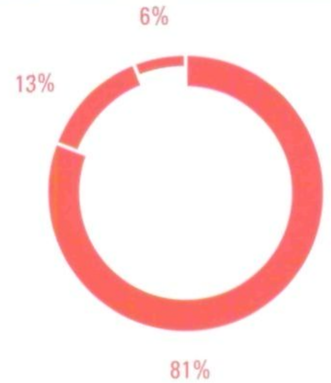
Growth in the Spanish economy was still positive in 2008 at a growth rate of 1.2% versus 0.9% in the eurozone as a whole. After many years with good economic growth figures, Spain's economy nosedived into a recession in the second half of 2008. Mortgages in Spain are mostly based on short-term interest rates (euribor plus). The strong rise in interest rates seen in 2008 raised the costs of existing mortgages significantly and effectively punctured the housing market bubble, bringing many house building projects to a stop and deeply affecting the building industry. The rising cost of mortgages coupled with high petrol prices had an adverse effect on consumer spending. Following a bank stabilisation programme in October 2008, the government announced emergency economic packages, which included measures aimed at easing the economic impact of the plunging housing market and rising unemployment. More recently, the government announced initiatives aimed at reviving credit flows to the economy and boosting demand through increased public-sector spending. The economy is expected to shrink in 2009.

Retail market

Retail sales slumped in the second half of 2008 due to rapidly deteriorating conditions in the Spanish market. The Christmas sales period was weak. The current economic conditions have made consumers more conscious of their spending as they have to come to terms with sharply rising unemployment, increasing mortgage payments and higher food and fuel costs. Consumer confidence has been falling fast. Borrowing, which helped driving the consumer boom in the past, became much harder to secure in the current credit crunch.

SPAIN
Sector spread

Shopping centres 81%
Retail warehouses 13%
High street shops 6%



DIY, hardware stores and durable goods retailers were among the high profile victims of the downturn in retail sales in Spain. After several years of healthy growth driven in large part by the overheated housing market and a buoyant economy, sales fell abruptly in the second half of 2008. Even traditional top retailers in Spain such as the Inditex group with Zara as its main brand name experienced difficulties. Although the company moved forward successfully with their international expansion plans, the sales performance of the Spanish part of their business came under pressure. H&M, C&A and Primark launched expansion plans the past few years and are gradually making inroads into Spain. Mercadona, Spain's leading supermarket, is doing relatively well in these circumstances.

The impact of the downturn in economic growth and retail sales is not evenly spread over Spain. Tourist areas suffer more as foreigners travel less to Spain for their holidays as a consequence of the credit crisis and because the second home market now has almost come to a standstill, which has a profound effect on local economies. The impact of high mortgages is also highly evident on new housing estates, where newly opened shopping centres are experiencing low footfall. In the more established districts, where mortgages are well below the value of the house, retail trade does relatively better.

Cinemas are in abundant supply in Spain as there are few restrictions on them. Many shopping centres have a cinema. The success of cinemas depends heavily on the number of cinemas in the area. VastNed Retail follows a policy of replacing cinema areas by retail space to improve the retail mix of a shopping centre. This process takes time because of the regulations involved and requires additional investment in the shopping centre. The result of this operation will be seen in the next few years.

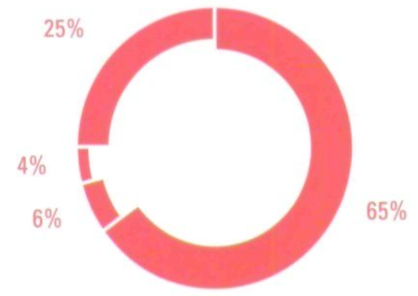
France

Economy

Growth in the French economy was still positive in 2008 with a growth rate of 0.8% versus 0.9% in the eurozone as a whole. Economic growth in France was never especially high, even during the boom years, due to a wealth of structural problems in the economy. In France, social issues always outweigh competitiveness and innovative strength. President Sarkozy was expected to carry through reforms, but the worldwide credit crisis highlighted the failure in the market mechanism; massive state intervention and grand economic stimulation programs became necessary in all countries. Many countries chose to adopt typically French tools to solve the problems caused by the credit crisis. Recognising this, Sarkozy

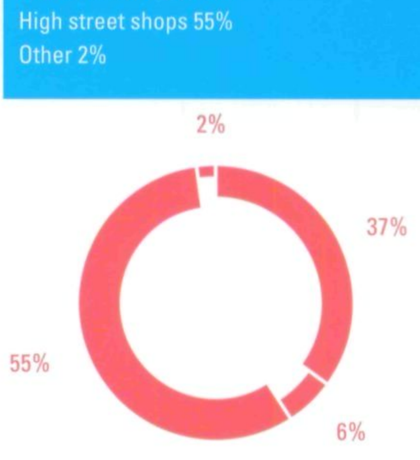
FRANCE
Industry spread

Non-food 65%
Food 6%
Home and garden 4%
Other 25%



FRANCE
Sector spread

Shopping centres 37%
Retail warehouses 6%
High street shops 55%
Other 2%



Jan de Jong, chairman Retailers Association Het Rond, Houten

'The opening of the new part of shopping centre Het Rond symbolised the rebirth of Houten as a city. The extension has enhanced the image and the range of shops of the centre and provides the consumers with a complete range of retail outlets under one roof.'

Cannes

Antwerp

'The strongly improved quality of our property portfolio and the traditional scarcity of good retail space in Belgium pays off in today's market. Our occupancy rate is now over 99%.'

Jean Paul Sols, country manager VastNed Retail Belgium

Paris

Amsterdam

stated that 'laissez-faire capitalism' is over and set up a strategic national investment fund to take stakes in French companies to protect them from foreign predators. France seems to be reverting to its old ways of managing the economy and structural reforms of its labour market may now be a long way off. The consequences of this for France's long-term economic growth potential will probably remain limited. In 2009, the economy, like in the other countries of the eurozone, is expected to shrink.

Retail market

Retail sales are likely to deteriorate due to decreasing consumer confidence, a poor economic and financial situation, limited savings and a decline of spending power. However, French consumers traditionally continue spending even when consumer confidence is low. Even during economic downturns, French consumers continue to spend at relatively high levels mainly due to the relatively low household indebtedness of the French population in general. Retail spending on food has not risen in years and occasionally even contracted. This has resulted in strong growth of discount formulas and, together

with the strong development of supermarkets, has put considerable pressure on hypermarkets to change their price image. Margins remain under pressure. To date, the high street market has been the most resilient of the sub-sectors, with domestic and international mass market retailers remaining active, boosted by a number of new arrivals in the fashion market sector. The shopping centre and retail warehousing markets suffer from the deterioration of the economic climate, which explains the greater prudence on the part of retailers increasingly focusing on prime locations.
Due to restrictive policies in the retail market there is a focus on improving existing retail areas such as city centres, but also existing shopping centres.

Belgium

Economy

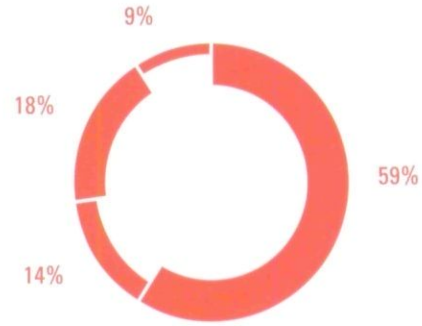
Growth in the Belgian economy was still positive in 2008 at a growth rate of 1.3% versus 0.9% in the eurozone as a whole. The Belgian Central Bank and government had a bumpy ride, with the rescue of Fortis Bank leading to a crisis in the governing coalition of political parties. Belgian citizens were severely affected by the demise of the Fortis Bank as many Belgian people own shares in this bank as a pension savings scheme. Adding to the problems of the Belgian government is the deep-rooted language conflict which makes it difficult to keep focused on the real problems and the solutions required. At the end of 2008, Belgium resolved the crisis in the coalition and succeeded in forming a new government, which has to tackle the country's economic problems.
The Belgian economy is an open economy and a downturn in the world economy will have a significant impact on the country. The economy is expected to shrink in 2009.

Retail market

As in other European countries, consumer confidence in Belgium is under pressure which affects major purchases in particular. The Belgian retail market traditionally is divided into inner city shops and retail warehouses on the periphery. Shopping centres are slowly gaining in market share as more are being constructed. City centre shopping areas as well as retail areas on the periphery are both expected to develop into full-service shopping areas. Competition between these shopping locations will increase and retailers will continue to take up positions in both areas. The retail property pipeline is limited, although there are many new projects on the drawing board. In the present

BELGIUM
Industry spread

Non-food 59%
Food 14%
Home and garden 18%
Other 9%



BELGIUM
Sector spread

Shopping centres 6%
Retail warehouses 49%
High street shops 45%

economic situation many of these projects will probably be shelved. Considerable regional differences exist, with more developments planned in Wallonia than in Flanders.
In 2008, demand generally outweighed supply on the occupier side, with limited availability of good-quality properties for lease. Good leasing results were generally seen in the market, but the expectation is that 2009 will not be as good as 2008. The downturn in the economy on city centres will impact key money most, which have a stabilizing effect on rental levels. In an economic downturn key money will fall first. At some point rent levels may also be affected, although this may not come about if an economic recovery sets in soon.

Turkey

On the fringes of Europe, VastNed Retail has selected Turkey as a growth market and made its first investments in 2007. Good prospects for long-term economic growth, strong population growth and considerable room for improvement of disposable income make this country attractive. The Turkish retail market is modernising at a rapid pace.
Local markets and dispersed shops are being replaced by modern shopping centres. Developing shopping centres is relatively easy, and it is not unusual for a new centre to be built close to or even next to an existing one. Good knowledge of the local market is crucial to understand the associated risks. Istanbul has several major and very busy shopping streets, some of which are pedestrianised. These streets offer attractive investment opportunities, but only to investors who are patient. VastNed Retail has invested in these shopping streets at yields which exceeded the yields in the eurozone. This premium is a compensation for the risk associated with an emerging market. In the long term, this premium will add value to VastNed Retail's result. In the short term, risks may dominate and contribute less to the result. Present economic problems seem to weigh more heavily on the newly built shopping centres and less on traditional high street retailing.

Property portfolio

Introduction

After many years of increasing property values, appraisal values started to fall in the course of the second quarter of 2008 and continued to fall in the subsequent quarters of 2008. However, rental levels remained strong and were supported by high occupancy rates and by significant rent rises as a result of both indexation and leasing activity. Although these rent increases were lower than in previous years, they provided a healthy counterbalance to the yield decompression applied in appraisals. A modest volume of new standing investments was acquired. Important steps were set in the field of realized developments in 2008 by transferring three properties from the development pipeline to the property portfolio in operation. Both the acquisition of newly acquired income-generating properties and the sale of properties enabled VastNed Retail to improve the risk-return profile of the property portfolio.
VastNed Retail's property portfolio is characterised by spreading in terms of countries and regions, types and number of tenants as well as types of investment properties.

As in previous top years reporting in 2008 continued to be a major topic. VastNed Retail has implemented the best-practice provisions concerning reporting as formulated by the industry organisations IVBN and EPRA. The board of management wholeheartedly supports the continuous revision and occasional updating of such provisions, since they contribute to a better mutual comparability of property funds and to increased transparency of reporting in general.

Properties

The property portfolio consists for the greater part of individual retail properties (high street shops). In addition, investments are made in small and medium-sized, locally well-embedded shopping centres and retail warehouses. At year-end 2008, the total property portfolio comprised 598 properties (year-end 2007: 656) spread over six countries, with a total lettable floor area of 699,006 sqm (year-end 2007: 712,350 sqm). The appraisal value of the property portfolio in operation amounted to € 1,967.2 million at year-end 2008 (year-end 2007: € 2,064.5 million).

Occupancy and letting

In 2008, the occupancy rate remained at comfortable levels due to an active letting strategy that provided for increased rental income compared with 2007. Main elements that secured the rental income of the standing property portfolio were: high occupancy, indexation, leasing activity, developments in lease incentives and a limited number of bankruptcies.

Occupancy rate

The occupancy rate of the total property portfolio and its different segments are set out below. The occupancy rate at year-end is calculated by dividing the year-end passing rent plus the year-end contractual rental income of vacant units which are already let but not physically occupied by the year-end theoretical rental income of the property portfolio.

	Year-end 2008	Average 2008	Average 2007
Netherlands	98.3	98.4	97.9
Spain	95.6	96.6	96.0
France	98.3	98.4	96.8
Belgium	99.7	99.2	95.9
Turkey	94.4	85.5	97.7
Portugal	100.0	100.0	100.0
Total	**97.8**	**97.9**	**96.9**

The average occupancy rate improved in 2008, in particular due to the sale of the factory outlet in Messancy in Belgium, which was effectively transferred to the buyer by the end of January 2008. Furthermore, part of the retail/leisure property Parque Vistahermosa in Alicante in Spain was transferred to properties under renovation as at July 1, 2008 and presently does not contribute to the Spanish occupancy rate. For the portfolio in Lille, acquired in November 2007, a yield guarantee was claimed from the sellers. For that reason that part of the portfolio is assumed to be fully let. The average occupancy rate in 2008 was 97.9% (2007: 96.9%). The existing vacancy is considered to be frictional, but management is monitoring the developments in the retail sector very closely.

Indexation

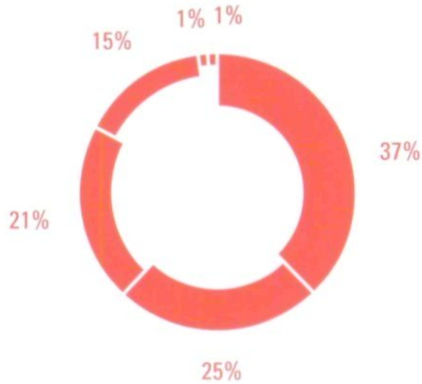
Virtually all leases stipulate inflation compensation, generally based on the consumer price index (CPI), except for the French property portfolio which can be indexed based either on the local construction index or on a mix of the CPI and the local construction index. The leases, except for those in Spain, include a hedge against possible deflation by locking in the earlier indexed rent level.

Leasing activity

A considerable number of lease transactions was concluded in 2008. These lease transactions, which we refer to as 'leasing activity', comprise new leases and lease renewals. The first category comprises the leasing of vacated or shortly to be vacated space to new tenants and the second comprises the conclusion of new leases with existing tenants. In this context,

VASTNED RETAIL
Composition property portfolio

Netherlands 37% | Belgium 15%
Spain 25% | Turkey 1%
France 21% | Portugal 1%



VASTNED RETAIL
Ten largest tenants

Percentage of theoretical rental income as at December 31, 2008.

H&M	5.6
Inditex	3.3
Auchan	2.6
A.S. Watson	1.6
Ahold	1.6
Macintosh	1.4
Blokker	1.4
Eroski	1.4
Armand Thiery	1.3
Maxeda	1.2
Total	21.3

leases actually signed in 2008 are taken into account, even if the actual commencement date is in 2009. New leases were concluded in VastNed Retail's core countries at on average a 13.0% higher gross top line rent compared to the former rent (2007: 15%). If lease incentives are taken into account, which is relevant for future earnings, the new leases were concluded on average 8.0% higher than the former rent (2007: 15%). The total volume of leasing activity amounted to € 9.8 million on new or renewed rental income. Expressed as a percentage of the theoretical rental income in the core countries this was 7.4% (2007: 8.8%). An overview is presented below:

	New Leases		Lease renewals		Leasing activity
	Change*	Volume**	Change*	Volume**	Volume**
Netherlands	14.4	3.5	9.6	1.1	4.6
Spain	5.3	7.5	12.7	5.3	12.8
France	28.2	1.6	53.2	2.4	3.9
Belgium	42.2	1.8	7.6	8.1	9.8
Total	**12.9**	**3.9**	**16.0**	**3.5**	**7.4**

* Change expressed as a percentual increase of new rent compared to old rent.

** Volume expressed as a percentage of total theoretical gross rent.

In the new leases and the lease renewals concluded, VastNed Retail not only succeeded in raising the rent level compared to the former rent, but also compared to estimated rental values as assessed by independent appraisers. The increase amounted to 8% (2007: 14%), which is an indication that the assessed market rents are relatively conservative.

Rent-free periods, rent discounts and lease incentives
Lease incentives such as rent-free periods, lease discounts and other payments or contributions benefiting the tenant expressed as a percentage of gross rental income decreased to 1.2% (2007: 2.1%). This decrease was due to the fact that the larger part of the lease incentives in 2007 related to the factory outlet in Messancy. If the lease incentives actually granted in 2008 without straightlining over the duration of the lease contract (cash basis) is taken into account, a slightly smaller decrease is noticeable.

Rent-free periods, rent discounts and lease incentives (in %)

	2008 actual	2007 actual	2008 IFRS	2007 IFRS
Netherlands	(0.3)	(1.0)	(0.3)	(0.4)
Spain	(0.8)	(2.2)	(2.2)	(2.8)
France	(1.3)	(1.1)	(1.7)	(1.0)
Belgium	(1.6)	(1.8)	(1.0)	(6.0)
Turkey	–	(0.2)	–	(0.2)
Portugal	–	–	–	–
Total	**(0.8)**	**(1.5)**	**(1.2)**	**(2.1)**

Tenants

VastNed Retail leases its properties to a large number of tenants. The total number of tenants in terms of number of leases, excluding apartment tenants, was 1,849 at year-end (2007: 1,894). A list of the largest tenants is presented in the graph on page 38. None of the tenants is so dominant as to constitute a risk to VastNed Retail's rental income. This list is based on tenants as a group of companies of which the larger part run multiple retail formulas.

Market rent

At year-end 2008, VastNed Retail's property portfolio was leased at on average 95.8% of the market rent. For this calculation, market rents are defined as by independent appraisers during their latest appraisal for the determination of the book value at year-end 2008, augmented in prevailing cases by mall income, compared to the theoretical rental income of the property portfolio. The latter consists of gross rental income as at year-end 2008, including mall income and the estimated turnover rent, augmented by vacancy at market rent level. The underrent is the result of cases of overrent and underrent within various countries. The board of management sees sufficient opportunity for future individual rent increases in the conservative estimates provided by appraisers.

Under/overrent (x € 1 million)

	Gross theoretical rent	Market rent	(Over)/under rent (in %)
Netherlands	51.0	52.8	3.5
Spain	34.5	35.6	3.1
France	25.8	30.2	14.5
Belgium	20.6	21.4	3.8
Turkey	1.2	1.7	30.8
Portugal	1.1	1.1	(0.4)
Total	**134.2**	**142.8**	**6.1**

Expiry dates of lease contracts

VastNed Retail is active in six countries, with different lease types and durations resulting from local legislation and customs. The various graphs present the expiry dates of the total property portfolio and the individual countries. The average duration is 6.0 years (year-end 2007: 6.0 years). Upon expiry, leases may offer the option of rent adjustment in VastNed Retail's favour. Taking into account the term until the next possible termination date on the part of the tenant, the average duration is 3.1 years (year-end 2007: 3.7 years). VastNed Retail considers the lease expiry dates to be well spread.

Acquisitions

In 2008, a limited number of acquisitions were made in the Netherlands, France and Belgium for € 9.0 million in total. The acquisitions made and commitments entered into in 2008 (x € 1 million) and the related net initial yields (NIY, in %) are presented below:

	Amount	NIY
The Netherlands		
- Amersfoort, Utrechtsestraat 13/ Hellestraat 3	1.0	6.0
- Tilburg, Westermarkt 16-17	4.2	6.5
- Tilburg, Westermarkt 33	0.5	5.6
France		
- Augny, Rue du Bois d'Orly 23	2.3	6.9
Belgium		
- Mechelen, Bruul 44	1.0	4.9
Total	**9.0**	**6.3**

Completed pipeline

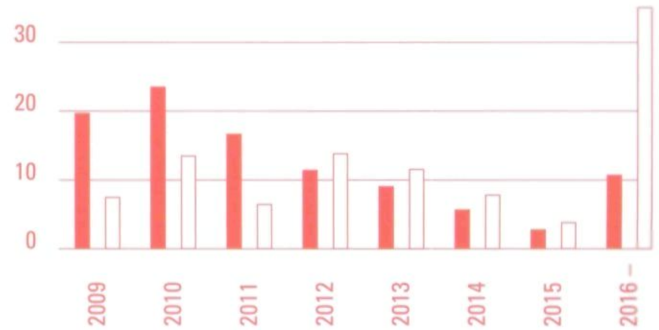
Three developments as listed below were realised in 2008 and transferred from pipeline to property investments in operation. Values reported below are the cost prices at the moment of transferring the development to the property portfolio in operation.

	Amount	NIY
The Netherlands		
- Roermond, Retail Park Roermond	55.7	6.0
- Houten, extension shopping centre 'Het Rond'	28.5	7.1
Belgium		
- Tongres, shopping centre 'Julianus'	17.5	6.7
Total	**101.7**	**6.4**

VASTNED RETAIL
Expiry dates lease contracts total property portfolio (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income).
Average duration is 3.1 years.

Expiry *first break*
Expiry *end date*



VASTNED RETAIL
Value movements investment properties

(x € 1 million)

	Netherlands	Spain	France	Belgium	Turkey	Portugal	Total
Value movements							
1st quarter 2008	13.0	3.2	4.4	12.1	1.5	0.1	34.3
2nd quarter 2008	6.2	(19.5)	(12.3)	2.5	(1.1)	(0.1)	(24.3)
3rd quarter 2008	3.6	(33.1)	(15.5)	3.1	0.2	0.2	(41.5)
4th quarter 2008	(28.4)	(29.1)	(23.1)	(7.3)	(1.1)	(2.1)	(91.1)
FY 2008	(5.6)	(78.5)	(46.5)	10.4	(0.5)	(1.9)	(122.6)
FY 2007	85.9	58.0	42.4	21.5	(1.2)	1.4	208.0
Net theoretical yields							
Year-end 2008	6.0	6.8	6.4	6.5	5.3	7.8	6.3
Year-end 2007	6.0	5.6	5.1	6.4	4.6	6.7	5.7

Disposals

In 2008 disposals totalled € 57.9 million, and comprised investment properties in the Netherlands, France and Belgium. These disposals improved VastNed Retail's risk return-profile and included the following properties (x € 1 million):

	Amount (reduced with sales costs)
The Netherlands	
- Amsterdam, Osdorpplein 801-804, 815-822 and 880-885	9.0
- Leiden, Haarlemmerstraat 107-109	1.3
- Rijswijk, Herenstraat 46-48	0.7
- Leidschendam	6.4
- Berkenhove 9	
- Eglantier 9 and 14-16	
- Rozemarijnhof 7	
- Weigelia 14-15	
- High street shops portfolio	36.6
- Almelo, Grotestraat 22-24	
- Amersfoort, Achter de Kamp 92	
- Amersfoort, Julianaplein 7-10	
- Amsterdam, Bos en Lommerweg 279-281	
- Arnhem, Looierstraat 44-46	
- Baarn, Brinkstraat 34	
- Bennekom, Dorpsstraat 8	
- Beverwijk, Breestraat 11	
- Breda, Karnemelkstraat 14	
- Bussum, Havenstraat 154-158 / Kapelstraat 2	
- Doetinchem, Terborgseweg 27	
- Dordrecht, Voorstraat 305	
- Dordrecht, Voorstraat 341	
- Dordrecht, Voorstraat 343	
- Ede, Molenstraat 128-136	
- Emmeloord, Lange Nering 92	
- Enschede, Haverstraatpassage 14	
- Ermelo, Stationsstraat 60-64	
- Groningen, Zwanestraat 22	
- Groningen, Zwanestraat 41-43	
- Hardenberg, Fortuinstraat 6-6a / Middenpad 3-7	
- Hengelo, Marktstraat 2-6	
- Hoensbroek, Kouvenderstraat 17-21	
- Leiden, Haarlemmerstraat 218	
- Leiden, Haarlemmerstraat 239	
- Lelystad, Stadhuisstraat 68	
- Meppel, Hoofdstraat 86-92	
- Neede, Oudestraat 57-59 / Es 26a	
- Oldenzaal, Bisschopstraat 37-37a	
- Oss, Kerkstraat 8	
- Oudenbosch, Prof. van Ginnekenstraat 35	
- Oudenbosch, Prof. van Ginnekenstraat 40 / Kade 4	
- Rotterdam, Beijerlandselaan 72-78 / Slaghekstraat 60	
- Rotterdam, Groene Hilledijk 218	
- Rotterdam, Westblaak 27	
- Rotterdam, Zwart Janstraat 136	
- Scheveningen, Keizerstraat 183	
- Schiedam, 's-Gravelandseweg 559-563 and 569-575	
- Sittard, Bergerweg 51-53	
- Sliedrecht, Kerkbuurt 148	
- The Hague, Dierenselaan 11	
- The Hague, Dierenselaan 161	
- The Hague, Herengracht 40-40a	
- Uden, St. Janstraat 60	
- Voorburg, Herenstraat 107-109	
- Voorschoten, Schoolstraat 30	
- Woudenberg, Voorstraat 26	
- IJmuiden, Lange Nieuwstraat 497-499	
- Zeewolde, Torenstraat 6-8	
- Zuidhorn, Hoofdstraat 21 / Overtuinen 4-16	
- Veenendaal, Schoolstraat 98-100	2.9
France	
- Lille, Avenue Foch 16 (parking)	< 0.1
- Lille, Rue de Gal de Wett (apartment)	0.1
Belgium	
- Mechelen, Yzerenleen 30	0.9
Total	**57.9**

A sales profit after deduction of sales costs of € 0.9 million was realised on these disposals.

Value movements investment properties

In the period from 2004 up to and including the first quarter of 2008, VastNed Retail's property portfolio overall showed increases in value caused by improved rental income and rental levels and by lower yield requirements in the investment markets. The second quarter of 2008 signalled a downturn in values.
The strongest driver of the negative value movements was the increased yield, meaning that investors require higher yields from their investments. On the rental side the negative value movements were mitigated by increased rental income. As set out earlier, the extent of underrent narrowed to 6.1% (year-end 2007: 5.9%), but is still showing reversionary potential.
The value movements of the total property portfolio based on the appraisals by independent appraisers and internal appraisals showed a total value movement of € 122.6 million negative (2007: € 208.0 million positive). The net theoretical yield on the property portfolio (theoretical net rental income, not taking into account non-recoverable service charges and bad debt provisions, divided by the appraisal value of the property portfolio) at year-end 2008 amounted to 6.3% against 5.7% a year earlier. Reference is made to the table of value movements of investment properties on page 40.

Appraisal methodology

VastNed Retail's property portfolio is appraised four times per year. The larger properties, with an (expected) value of at least € 2.5 million make up approximately 75% of the portfolio and are appraised externally every quarter by internationally reputed appraisers (for the identity of the appraisers please refer to the overview 'Property portfolio 2008' included elsewhere in this annual report). Smaller (< € 2.5 million) properties are appraised externally once a year, spread evenly across the quarters. After external appraisal, these properties are appraised internally in the following three quarters. VastNed Retail ensures that the appraisers have all relevant information at their disposal needed to arrive at a balanced assessment.

The Netherlands

Properties

The Dutch property portfolio at year-end 2008 made up 37% of VastNed Retail's total property portfolio (*stake property portfolio in operation 38%). The Dutch* property portfolio is characterised by a large number of properties, 347, and 827 tenants (excluding apartment tenants). The larger part comprises high street shops.

Occupancy and letting

The Dutch property portfolio is well let with an average occupancy rate of 98.4% in 2008 (2007: 97.9%). The occupancy rate at year-end 2008 was 98.3% (2007: 98.4%). Where possible, we continue to aim for further improvement of rent levels and tenant quality. This will benefit the occupancy rate of the property portfolio and the cash flows from rental income. This improvement and the improvement of the average occupancy rate were due to strong letting activity in 2007 and 2008. The high street shops portfolio sold in December 2008, had a below-average occupancy rate of 96.7%.

In today's market, retailers are looking for ways to reduce housing costs by requesting rent reductions and omissions of indexation. In general, in the Netherlands, the housing costs are relatively low, reason why VastNed retail has rejected such requests. Assessing the reasonableness of these requests remains of the utmost importance.

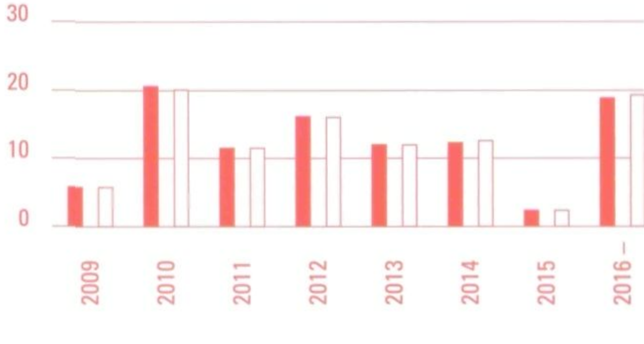
The provision of lease incentives in the Dutch property portfolio remained very limited at 0.3% (2007: 0.4%) of gross rental income. On a non-straightline (cash) basis lease incentives even decreased from 1.0% in 2007 to 0.3% in 2008. A relatively low level of lease incentives is customary in the Netherlands.

NETHERLANDS
Ten largest tenants
Percentage of theoretical rental income as at December 31, 2008.

Ahold	4.0
Blokker	3.6
A.S. Watson	3.4
Maxeda	2.8
Macintosh	2.5
Super de Boer	2.5
Sperwer	1.8
Etam Groep	1.7
Lidl	1.3
Sligro	1.3
Total	24.9

NETHERLANDS
Expiry dates lease contracts property portfolio (in %)
Expiry dates and renewal dates of lease contracts (weighted for gross rental income).
Average duration is 4.3 years.

Expiry *first break*
Expiry *end date*



VastNed Retail's Dutch retail property offers good quality and the scarcity of quality in the market offers opportunities for further rent improvements. This is where asset management comes into its own. In this context, VastNed Retail has opted for a highly active approach, in which in prevailing cases sitting tenants are bought out and replaced by better performing retailers at more attractive lease conditions. As indicated earlier the volume of new leases and lease renewals amounted to 4.6% of the theoretical rental income and was realised at a rate of 13.3% above the former rent.

Lease expiry dates

The lease expiry schedule provides a good balance of risk spreading and opportunity. The chart on page 42 presents an overview of the existing leases at year-end 2008. The average remaining contract term is 4.3 years (year-end 2007: 4.3 years). This is equal to the average term through to the next termination date.

Acquisitions and disposals

In 2008, three properties were acquired by means of a swap with Franco-Dutch property investor Unibail- Rodamco. In this swap, VastNed Retail acquired the properties Westermarkt 16, 17 and 33 as well as a retail property at Utrechtsestraat 13 in Amersfoort. Of the two shops acquired in Tilburg one is let to supermarket chain Albert Heijn (1,919 sqm) and one to confectionery chain Jamin (223 sqm). These shops are part of the Westermarkt shopping centre in which VastNed Retail already owned more than 5,500 sqm across nine shops with tenants including supermarket chain Em-Té, chemist Kruidvat and fashion discounter Zeeman. By expanding its property in this shopping centre, VastNed Retail expects to be in a better position to promote a possible redevelopment of the centre. The property in Amersfoort is located in the best part of Utrechtsestraat, an A-1 location with a total lettable floor area of 97 sqm let to T for Telecom. The annual gross rental income of the acquired properties is approximately € 0.4 million. The investment volume including acquisition costs was € 5.7 million.

The above shops were at a price of € 5.7 million swapped for five shops at a price of € 6.4 million in shopping centre Leidsenhage in Leidschendam (Eglantier 9 and 14-16, Weigelia 14-15, Berkenhove 9 and Rozemarijnhof 5). The difference was settled in cash.

Pipeline properties taken into operation

On March 20, 2008, Retail Park Roermond opened its doors and was subsequently transferred to VastNed Retail. The park comprises 34,098 sqm with a mix of retailers unique to a Dutch out of town retail environment, varying from a musical instruments specialist to a supermarket. The location close to international motorways provides the centre with Dutch as well as German shoppers. The total cost price for the centre at transfer amounted to € 55.7 million.

On September 30, 2008, the title to the 7,526 sqm extension of the Het Rond shopping centre in Houten, was transferred to VastNed Retail. The extension offers retail space for 33 tenants and additional annual rental income of € 2.2 million. Furthermore, the extension improved the quality of the entire shopping centre, since it created a more complete range of retail formulas to the people of Houten.

Investment properties in pipeline

Houten, Achterom 1-5 and Spoorhaag 130-134

Adjacent to the shopping centre Het Rond in Houten VastNed Retail owns two office buildings, which are potentially interesting for future retail developments. Presently, no concrete plans exist for such developments. The invested capital totals € 4.2 million, while the annual rental income is approximately € 0.3 million. As at December 31, 2008, the properties are valued at € 3.3 million resulting in an impairment loss of € 0.9 million.

Houten, Onderdoor 4

In addition to the extension of shopping centre Het Rond with retail units, a cinema and a catering unit will be developed adjacent to the shopping centre. The investment volume is expected to total € 3.0 million, while the rent is expected to be € 0.2 million per annum. As at December 31, 2008 the property is valued at € 2.8 million resulting in an impairment loss of € 0.2 million.

Lelystad, Wisselplein

In 2007, VastNed Retail signed a contract for the acquisition of part of a city centre development in Lelystad comprising 3,775 sqm of A-1 retail units and three large-scale shops of 4,075 sqm in total. Leases have been concluded for this property with retail chains including H&M, Douglas, BCC and Scapino. The project is expected to be completed in the second half of 2009 and is subject to the developer realising a 70% pre-letting rate. The seller has provided a three-year rent guarantee for any remaining vacancy. Annual gross rental income is expected to amount to approximately € 1.3 million. The estimated acquisition price including purchase costs amounts to approximately € 21.8 million. As at December 31, 2008 the property is valued at € 20.4 million resulting in an impairment loss of € 1.4 million.


GAP

M. Umbardo, store manager GAP, Nancy

'The store is situated in the city centre of Nancy, a top-grade and very busy place, with a very diversified public, as is the offer proposed in the store GAP, for men, women and children. Everyone can find what it is looking for, a good pair of jeans or a good quality T-shirt.'

Amsterdam

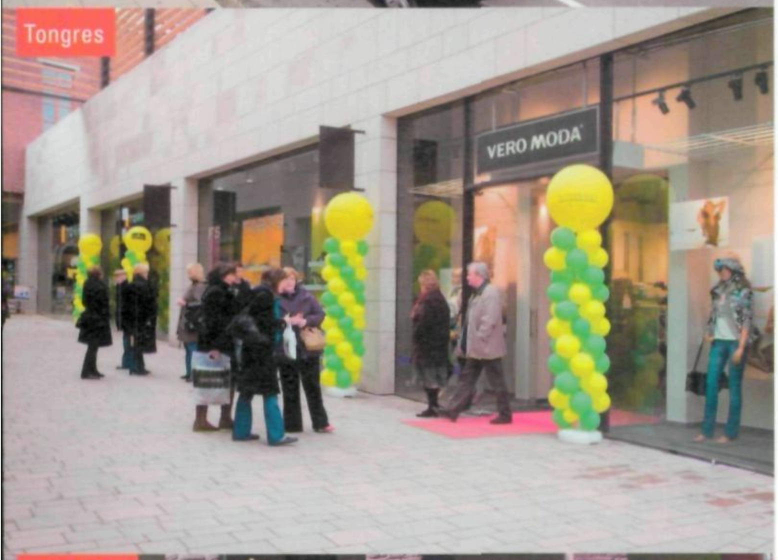
Madrid

's-Hertogenbosch

'Given the present developments in shopping centres, with tenants asking for substantial discounts or considering to leave, major high streets in Istanbul and especially Istiklal Caddesi are still safe and profitable areas for investment. Retailers' demand for high street shop units is still higher than the current supply. The sales prices and rent levels are still the same as a year ago on Istiklal Caddesi.'

Bora Karli, country manager VastNed Retail Turkey


Badalona



Tongres

The Hague

Hendrik-Ido-Ambacht, shopping centre 'Hoog Ambacht'
The shopping centre in Hendrik-Ido-Ambacht that is under construction serves a new residential area called Volgerlanden and has a lettable floor area of 7,745 sqm and 61 private and 328 public parking spaces. The centre will offer typical neighbourhood facilities, including two supermarkets let to full-service supermarket chain Plus and food discounter Lidl. The project is expected to be completed in the second half of 2010, the purchase agreement being subject to the property developer realising a 70% pre-letting rate. The seller has provided a three-year rent guarantee for any remaining vacancy. Annual gross rental income is expected to amount to approximately € 1.4 million. The estimated acquisition price including purchase costs for this turnkey development is approximately € 22.3 million. As at December 31, 2008, the property is valued at € 22.0 million resulting in an impairment loss of € 0.3 million.

Value movements investment properties
During 2008, the unrealised value movements amounted to € 5.6 million negative (2007: € 85.9 million positive). The first three quarters of 2008 showed positive value movements, which were offset by a fourth quarter 2008 value movement of € 28.4 million negative. This took the net initial yield to 6.0% (year-end 2007: 6.0%).

Spain

Properties
The Spanish property portfolio at year-end 2008 made up 25% of VastNed Retail's property portfolio (stake property portfolio in operation: 24%) and is the second largest market in which VastNed Retail is active. The portfolio mainly comprises medium-sized shopping centres and a smaller portion of retail warehouses and high street shops.

Occupancy and letting
The occupancy rate in the Spanish portfolio at year-end 2008 amounted to 95.6% (2007: 96.4%). The average occupancy improved from 96.0% to 96.6%. These improvements were partly due to the fact that the former leisure part of Parque Vistahermosa in Alicante and the cinema in Montigalá in Badalona were transferred to investments properties under renovation. Furthermore, the new lettings outnumbered the loss of tenants on a weighted basis, resulting in higher occupancy. Post balance sheet date, VastNed Retail has been informed that the tenant for whom Parque Vistahermosa's cinema was changed into retail space will not effectively occupy the unit. VastNed Retail has called in the penalty clause and is at the same time investigating alternative options.

Securing the occupancy is currently our top priority, which means that a lot of effort is put into retaining tenants. This means that in some specific cases mid-term lease incentives were provided to existing tenants in return for an extension of the duration of the lease. For weaker tenants, a possible mid-term discount is generally swapped for a right for VastNed Retail to terminate the lease subject to three months' notice. In these cases the applicable turnover conditions will remain unchanged which means that if retailers appear to be successful VastNed Retail will profit as well.

Turnover data received from the tenants have made clear that there has been pressure on retailers' turnover. The average rent to sales ratio amounts 10.1% (2007: 9.0%). Please note that this ratio does not include hypermarket sales.

The volume of new leases and lease renewals amounted to 12.8% of the theoretical rental income. These leases were on average concluded at higher levels than the former rent level. Increases amounted to 5.3% for the new leases and 12.7% for the lease renewals. However, taking the lease incentives into account on a straightline basis these percentages amount to 0.7% and 12.6%.

Bankruptcies and loss of tenants are closely monitored. In 2008, VastNed Retail was confronted with a number of bankruptcies. The already weak position of cinemas worsened in the face of the credit crunch and led to bankruptcies in this sector.

As from January 2008, VastNed Retail carries out its own property management. This enables the company to be closer to the tenant than before and has resulted in cost savings of € 0.5 million in 2008.

Lease expiry dates

In Spain, leases are generally concluded for a period of five years. Deviations from this standard sometimes occur. For instance, in the Spanish property portfolio leases with the fashion conglomerate Inditex were concluded with an annual termination option. Inditex gave notice of termination of two leases. The average duration of the leases in the Spanish property portfolio, measured in terms of the time remaining to the end of the lease, amounts to 8.9 years (year-end 2007: 8.3 years). Calculating to the first termination option, the average duration is 3.5 years (year-end 2007: 4.7 years).

Acquisitions

No acquisitions were made in 2008.

Disposals

No disposals were made in 2008.

SPAIN

Ten largest tenants

Percentage of theoretical rental income as at December 31, 2008.

Inditex	8.7
Auchan	6.8
Eroski	5.8
Media Markt	4.9
McDonalds	2.3
Grupo Cortefiel	2.1
Virain	1.9
Grupo Decimas	1.8
Ferragamo	1.7
Grupo Zena	1.7
Total	37.7

SPAIN

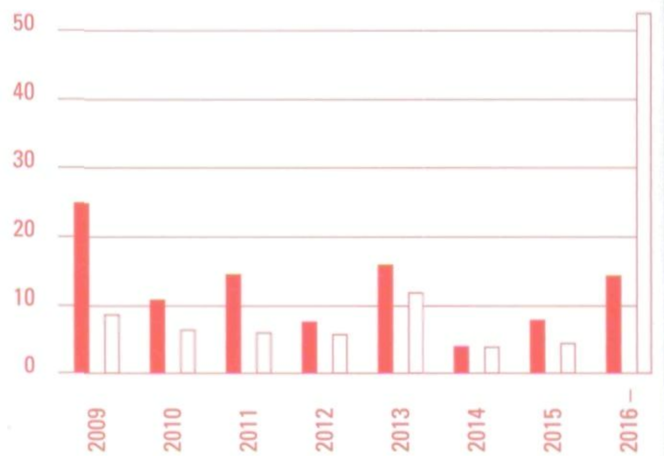
Expiry dates lease contracts total property portfolio (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income).

Average duration is 3.5 years.

Expiry *first break*

Expiry *end date*



Value movements investment properties

During 2008, unrealised value movements totalled € 78.5 million negative (2007: € 58.0 million positive). Net yield at year-end 2008 was 6.8% (year-end 2007: 5.6%). The negative value movements were mainly due to higher yields, which increased approximately 120 basis points during 2008. Furthermore, to a lesser extent the negative value movements were due to pressure on rental levels.

France

Properties

At 21% of the total portfolio, the French property portfolio is the third largest of VastNed Retail's property portfolios and comprises 127 properties, most of which are high street shops. In addition, VastNed Retail has also invested in a number of medium-sized shopping centres in Limoges, Plaisir, Thoiry and Dunkirk. The portfolio is spread throughout the country, with 19% of the value of properties in operation concentrated in Paris and 14% in Lille.

Occupancy and letting

The average occupancy rate was 98.4% (2007: 96.8%), and the occupancy rate at year-end 2008 amounted to 98.3% (2007: 97.9%). This increase was due to letting successes throughout the French property portfolio and a very limited loss of tenants. A rent/yield guarantee was provided due to the vacant apartments in the Lille portfolio. In the above percentages the latter is regarded as being occupied.

In 2008, VastNed Retail fully applied indexation based on the cost of construction index. Presently VastNed Retail negotiates on an alternative mixed indexation mechanism with its tenants.

In terms of volume, leasing activity was less than in the previous year with 3.9% of the theoretical rent deriving from new leases or lease renewals (2007: 9.3%). The increases however showed significant step-ups in rents with 28.2% higher rents deriving from new leases and 53.2% higher rents from renewals.

The provision of lease incentives in the French property portfolio was very limited at 1.7% (2007: 1.0%) of gross rental income. On a non-straightline basis the lease incentives showed a small increase to 1.3% (2007: 1.1%).

Lease expiry dates

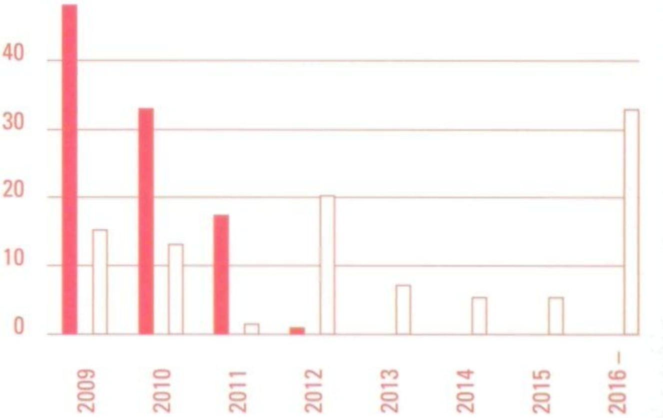
In France, leases are usually agreed under the 3-6-9 system. The summary of expiry dates of VastNed Retail's French property portfolio in the graph on the right shows that a large number of leases will expire in 2009 and might be terminated by tenants. This is

FRANCE
Ten largest tenants
Percentage of theoretical rental income
as at December 31, 2008.

H&M	17.1
Armand Thiery	6.2
Auchan	4.5
PPPR	3.7
Vivarte	2.7
Darty	2.7
Célio	2.4
Nocibe	2.1
Louis Vuitton	1.8
Camaieu	1.7
Total	44.8

FRANCE
Expiry dates lease contracts property portfolio (in %)
Expiry dates and renewal dates of lease contracts
(weighted for gross rental income).
Average duration is 1.2 years.

Expiry *first break*
Expiry *end date*



not considered to be of great concern since the retail properties are in competitive locations, making it not very likely that a large number of tenants will terminate their lease. The average duration of the leases up to the next termination date for tenants is 1.2 years (year-end 2007: 2.1 year). Based on the total duration of the lease agreements, this is 4.8 years (year-end 2007: 5.9 year).

Acquisitions
On November 27, 2008 a retail warehouse in Augny, Rue du Bois d'Orly 23, was acquired for a total consideration of € 2.3 million, which implies a net initial yield of 6.9%.

Investment properties in pipeline
As previously indicated in the 2007 annual report, the Val Thoiry shopping centre in Thoiry is being expanded by almost 6,000 sqm, which will be let to DIY chain Leroy Merlin. The investment volume is € 6.7 million. Construction is on schedule, and the project will be completed in the second half of 2009.

The Plaisir-Sablons shopping centre in Plaisir, 25 kilometres south-west of Paris, has been transferred to investment properties in pipeline as of February 1, 2008. VastNed Retail has signed heads-of-terms-agreements with two potential anchor tenants and is presently in the process of obtaining the key government permits for a redevelopment and extension of the centre with some 11,500 sqm of floor area. VastNed Retail is not legally required to redevelop the centre. As at December 31, 2008 the property is valued at € 17.1 million resulting in an impairment loss of € 3.5 million.

Disposals
In 2008, two small disposals were made in Lille at a volume of € 0.1 million.

Value movements investment properties
The unrealised value movements in the French portfolio in 2008 totalled € 46.5 million negative (2007: € 42.4 million positive).

Belgium

Properties
At year-end 2008, the Belgian property portfolio comprised 97 properties in the categories high street shops (45%) and retail warehouses (49%) and a single innercity shopping centre (6%), representing 15% of VastNed Retail's total property portfolio.

Occupancy and letting
The average occupancy rate in 2008 of 99.2% was an improvement compared to 2007 (95.9%). This was due

BELGIUM
Ten largest tenants
Percentage of theoretical rental income as at December 31, 2008.

H&M	11.9
Inditex	5.4
Décor Heytens	5.4
Aldi	5.2
Euro Shoe Unie	4.6
Charles Vögele	3.1
Macintosh	2.9
Blokker	2.3
Van Neerbos	2.3
IC Companys	2.2
Total	45.4

to the legal transfer of the factory outlet in Messancy to its present owner at the end of January 2008. At year-end, occupancy had stabilised at 99.7%. In the occupancy rate at year-end 2007, the sale of the factory outlet in Messancy was already taken into account, since the purchase agreement had already been signed at that time.

The amounts of lease incentives were drastically reduced in 2008 (1.0%) compared to 2007 (6.0%), due to the sale of the factory outlet in Messancy mentioned above.

On new lettings and lease renewals 9.8% of the theoretical rental income was rolled over, which was less than in 2007 (14.1%). On new leases the improvement rate was some 42.2%, while the increase of rent levels on the renewals by 7.6% was less than in 2007 (2007: 20.2%). These higher rent levels underscore the attractiveness of the Belgian property market with limited new supply and a clear dominance of high street shops and retail warehouses.

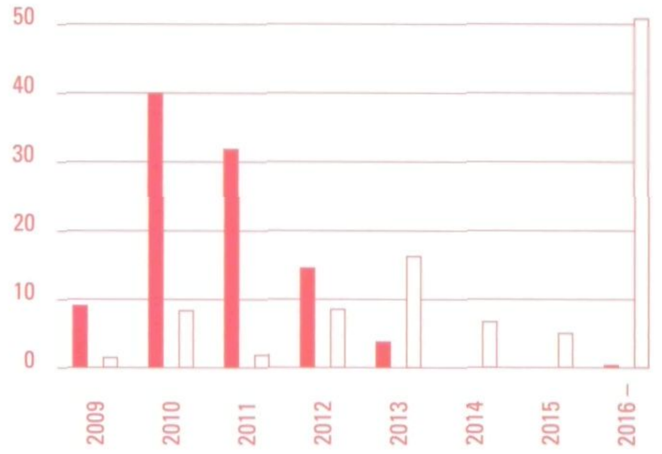
Lease expiry dates
Leases in Belgium are usually concluded under the 3-6-9 regime. This means that the tenant may terminate the lease after three years. This rarely occurs, as the tenant earns his living with the specific location of the shop. The summary of expiry dates presents two views: one using the end dates of the leases and a more conservative second view based on the first possible termination date for the tenant. In the first method, the possibility of rent increases plays a role; the second is relevant for risk management. The graph on page 50 presents the expiry dates of the Belgian property portfolio. The average duration is 7.3 years (year-end 2007: 6.8 years). The average time until the next termination date of the tenant is 2.2 years (year-end 2007: 2.5 years).

Acquisitions and disposals
In April 2008, VastNed Retail acquired the corner property (75 sqm) located at Bruul 44 in Mechelen for strategic reasons. This excellently located property forms a unity with the property located on Bruul 42-44, also owned by VastNed Retail. This acquisition consequently strengthens the commercial position of VastNed Retail in the most attractive part of Bruul in Mechelen. This corner property at Bruul 44 was exchanged for the property owned by VastNed Retail located at Yzerenleen 30 in Mechelen for a consideration of € 1.0 million including purchase costs.

Pipeline property taken into operation
In 2008, the shopping centre Julianus was taken into operation. The shopping centre is fully let and trading very well.

BELGIUM
Expiry dates lease contracts total property portfolio (in %)
Expiry dates and renewal dates of lease contracts (weighted for gross rental income).
Average duration is 2.2 years.

- Expiry *first break*
- Expiry *end date*



Turkey

Properties and acquisitions
VastNed Retail holds a small portfolio of three properties in the heart of Istanbul consisting of a neighbourhood shopping centre, Bomonti Park, in Şişli, and two shops on Istanbul's main shopping street, Istiklal Caddesi (Beyoğlu) numbers 34 and 98. The total gross lettable floor totals 6,567 sqm.

Occupancy and letting
The average occupancy rate was 85.5% (2007: 97.7%). This decrease was due to the fact that the shop at Istiklal Cadessi 98 was vacant for some months in 2008. The former tenant terminated the lease as of April 1, 2008. VastNed Retail was able to let the shop for five years to the leading Turkish mobile telephone operator Turkcell at an annual rent of approximately € 0.3 million commencing on September 1, 2008 with a fixed 6% annual indexation.

The developer's rent guarantee for the Bomonti Park shopping centre has been taken into account in the occupancy figures. The year-end occupancy was 94.4% (year-end 2007: 97.7%).

Value movements investment properties
Unrealised value movements totalled € 0.5 million negative (2007: € 1.2 million negative).

Portugal

Properties
The Portuguese property portfolio comprises nine shops which are let to the optician's chain MultiOpticas. The average occupancy rate in 2008 was 100% (2007: 100%).

Value movements investment properties
External appraisals led to a value movement of € 1.9 million negative (2007: € 1.4 million positive).

Personnel and organisation

VastNed Retail strives to provide a challenging work environment that gives the employees opportunities for development. The organisation is based on a transparent, informal company culture, in which the country teams have a high degree of responsibility based on a clear 'VastNed Group spirit'. In the annual evaluation interview with each staff member, challenging objectives are formulated in mutual consultation and matched to those of the Group, so that personal development of employees is aligned with the Group's interest.

The headquarters of the pan-European property investor VastNed Group (NYSE Euronext funds VastNed Retail and VastNed Offices/Industrial) was moved to the Park Office building at the K.P. van der Mandelelaan 43a in Rotterdam in November 2008.

The following table presents a number of personnel statistics. The staff in the Netherlands provides services to both VastNed Retail and VastNed Offices/Industrial. Depending on their size, the country teams comprise management, asset management, property management, (technical) project management and finance & control, either supported by head office or independently. In addition, there are various staff functions in the area of IT and research, and for secretarial, fiscal and legal services. The majority of these staff functions is centralised at the Rotterdam headquarters, providing services to both VastNed Retail and VastNed Offices/Industrial. The Belgian team in Antwerp also has a relatively extensive staff department, partly due to Intervest Retail's and Intervest Offices stock exchange listing.

Total number of employees during 2008 (in FTE's)

Geographical spread	
- Rotterdam, the Netherlands	
- Retail	17
- Offices/Industrial	13
- Board of management and staff	18
- Antwerp, Belgium	
- Intervest Retail	12
- Intervest Offices	16
- Madrid, Spain and Portugal	11
- Paris, France	14
- Istanbul, Turkey	2
- Frankfurt, Germany	1
Total	**104**

Number of employees taken on	14
Number of employees left	8
Male/Female	60/44

Sustainability

Sustainability is important for VastNed Retail. VastNed Retail strives for a balance between investment in sustainability and performance of the property portfolio. As the retailers have such a prominent position in retail properties, many of the sustainability issues are in reality tenant issues.
VastNed Group has joined the Dutch Green Building Council to participate in the development of a Dutch Breeam certificate for existing retail space for investors. When this certificate is available, the performance of the VastNed Retail portfolio in terms of sustainability may be gauged more accurately. In the other countries, membership of such councils is also an option and will be considered in 2009.

Responsibility statement

In conjunction with the EU Transparency Directive as incorporated in chapter 5.3 of the Act on Financial Supervision the board of management therefore confirms to the best of its knowledge that:

- the annual financial statements for the year ended December 31, 2008 give a true and fair view of the assets, liabilities, financial position and profit and loss of VastNed Retail and its consolidated companies;
- the additional management information disclosed in the annual report gives a true and fair view of VastNed Retail and its consolidated companies as at December 31, 2008 and the state of affairs during the year to which the report relates; and
- the annual report describes the material risks facing VastNed Retail. These are described in detail in the chapter 'Risk management'

Risk management

Dutch corporate governance code

On December 10, 2008, the Monitoring Committee Corporate Governance Code presented a revised full Dutch corporate governance code (the 'New Code'). One of the major changes relates to risk management. In line with the recommendations of the third report on compliance with the original Code, as also mentioned in last year's annual report, the New Code prescribes that the company's annual report must include a description of the main risks that the company is exposed to in connection with the implementation of its strategy. The management report must distinguish between financial reporting risks and operating risks.

- *Financial reporting risks*
  The management board is required to state that:
  (i) the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting does not contain any errors of material importance (the so-called 'Control Statement'); and
  (ii) the risk management and control systems functioned properly in the year under review. Furthermore, the annual accounts must include a description of any major failings in the internal risk management and control systems discovered during the year under review, any significant changes or planned improvements and a confirmation that these issues have been discussed with the audit committee and the supervisory board.
- *Operating risks*
  The management board must provide insight into the company's main risks related to the strategy of the company. The description must also specify the company's risk profile: the willingness of the company to expose itself to risks. It must also describe the sensitivity of the results of the company to external factors and variables.

VastNed Retail has endeavoured to implement the Code since its introduction in 2004 and has implemented the abovementioned recommendations to the best of its ability in the annual report 2007. Consequently, the consequences of the New Code with respect to the disclosure of risks in the annual report are limited. VastNed Retail will, however, place further emphasis on the importance of comprehensive risk management within its organisation. Also, the supervisory board and its audit committee will continue to monitor closely the quality of the internal risk management and reporting.

Description of the risk profile

Risks associated with the strategic objectives

The chapter 'Profile and strategy' states in which types of investment properties, which countries and what property sizes VastNed Retail intends to invest. The company has opted to focus on retail investments in countries in the eurozone, which are characterised by a stable political system and a mature economy, embedded in generally transparent tenancy and tax laws and regulations. Rent and value development and occupancy rates of the retail investments are highly dependent on demand for retail locations, which is generally determined by the nature and level of consumer spending and the dynamics of local and international retailers. The addition of Turkey as a new investment country in 2007 has added a new country risk, which is mitigated by our choice for the time being not to invest more than 10% of the total property portfolio in this country and a clear investment focus on Western-oriented Istanbul. This limits VastNed Retail's currency risk, which is further mitigated by the fact that lease contracts are often concluded in euros or US dollars instead of Turkish liras. In the latter case, the investments are also partly financed in US dollars, considerably decreasing our dollar exposure.

The investments are financed based on a solid financing and interest rate policy. We aim for relatively conservative financing ratios between shareholders' equity and loan capital - in principle financing no more than 45% of the market value of the investments with loan capital - taking the position that no more than a third of the loan portfolio may be financed with short-term loan capital. The bank covenants are set at higher loan-to-value ratios: in most financing contracts the ratio is based on a solvency ratio (calculated as group equity plus deferred taxes divided by the balance sheet total) of at least 45%.

Due to its capital-intensive character, VastNed Retail is sensitive to interest rate developments, which may impact the value of the property investments as well as current cash flows and thus the direct investment result. The interest rate risk is mitigated by acquiring interest rate derivatives from major international banks, fixing the interest rate on at least two thirds of the loan portfolio with a term to maturity of approximately five years. The interest rate derivatives are concluded in such way that the interest revision dates are evenly spread.

Sensitivity analysis

Below, the possible impact on the result is set out when the following risk factors change:

- A 100 basis points increase (decrease) of the interest rate would lead to a decrease (increase) of the direct investment result of € 0.17 per share;
- A 50 basis points (approximately 7.9% of year-end value) increase (decrease) of the net initial yields used in the valuation would lead to a decrease (increase) of the indirect investment result of € 8.60 per share and an increase (decrease) of the loan to value ratio with 350 basis points; and
- A 100 basis points increase (decrease) of the occupancy rate would lead to a decrease (increase) of the direct investment result of € 0.07 per share.

Description of internal risk management and control systems

Actions

In 2008, both the board of management and the supervisory board as well as the country organisations have assessed the company's risk management.
One of the topics on the agendas of the management board, the supervisory board and audit committee and also of the external auditors were the company's internal procedures to prevent fraud. This topic received additional attention due to several potential fraud cases within the real estate industry in the Netherlands. Our internal procedures were assessed by matching control measures described in publications of inter alia the Association of Institutional Investors in Real Estate in the Netherlands ('IVBN'). This assessment did not uncover any major failings in internal control measures. In line with one of its recommendations, it was decided to start employee training in 2009 on the application of the Code of Conduct and on awareness of fraud risks within the company.
Another important risk management topic on the agenda related to the financing of the property portfolio in the context of the financial crisis. In 2009, we will reassess our financing policy, our short-term loan facilities in particular.
In the context of the economic downturn, additional attention was also paid to the development of the local economy in the respective countries and its impact on the future results of individual retail properties as well as on credit control and collection procedures. Next to these topics, the board of management, the audit committee and the supervisory board addressed a number of other major risks, including the set-up and functioning of the associated risk control measures, based on an annually determined work plan, concerning risks including strategic risks, catastrophe risks (insurance, insurer solvency), financial reporting risks, compliance risks (AFM and NYSE Euronext regulations, as well as permits and safety regulations), (re)financing risks and interest rate risks, IT risks and tax and legal risks. Significant adjustment of the internal risk management and control systems in respect of these risks was deemed unnecessary.

Main strategic, operating, financial, legal and regulatory and financial reporting risks, and the qualitative impact of these risks

The chapter 'Risk management' sets out the risks identified by VastNed Retail and describes how these risks are controlled. A major element of the internal risk management and control system is the complex of internal control measures and administrative and organisational procedures as laid down in the Administrative Organisation manual, which we believe complies with the requirements of the Financial Supervision Act and associated regulations.

Results of the assessment of internal risk management and control systems

The board of management is of the opinion that the organisation of the internal risk management and control systems provides reasonable assurance that the financial reporting does not contain any errors of material importance. In addition, it is of the opinion that these risk management and control systems worked properly during the reporting year. In the course of the reporting year, some administrative and organisational procedures were updated.
No material shortcomings have been observed in the risk management and control systems aimed at controlling financial reporting risks.

Financial state of affairs

Investment result 2008 attributable to VastNed Retail shareholders

In 2008, the investment result decreased from € 244.5 million positive to € 51.0 million negative. The investment result for 2008 consisted of a direct investment result of € 60.9 million (2007: € 64.4 million) and an indirect investment result of € 111.9 million negative (2007: € 180.1 million positive).

Direct investment result

The direct investment result was impacted by one-off costs arising from the offering process on the shares of VastNed Retail of € 2.4 million and the share buyback programme in the third quarter of 2007, which resulted in additional interest expenses of € 1.0 million compared to 2007. Adjusted for these items, the direct investment result was equal to last year at € 64.3 million. The lower than expected like-for-like growth of net rental income and the contribution from net acquisitions in 2007 and 2008 (after deduction of interest expenses) were offset by an increase in interest expenses as a result of a higher average interest rate in 2008 than in 2007. The positive effect of the sale of the factory outlet in Messancy at the end January 2008 of approximately € 1.7 million before minority interests was offset by the one-off tax gain recognised in 2007 of approximately the same amount. Despite the economic downturn, the financial occupancy of the portfolio remained high and even showed an improvement from 96.9% to 97.9%.

Indirect investment result

The impact of the credit crisis on the real economy and the real estate investment market became evident in the second half of 2008. As a result, the positive indirect investment result in 2007 of € 180.1 million turned into a negative indirect result of € 111.9 million in 2008. The Spanish (13.8% negative) and French (10.0% negative) property portfolios showed the strongest decrease. Property values decreased as a result of yield increase caused by the fact that investors require higher returns on their investments in view of the increased uncertainty on the economy (especially in Spain as a result of the housing bubble bursting) and the lack of financial resources due to the banking crisis.

Net income from investment properties

Gross rental income

Total gross rental income rose by 9.5% from € 120.6 million in 2007 to € 132.0 million in 2008. This rise is further detailed in the table on the side.

- *Acquisitions*

The rise of gross rental income in the Netherlands owed € 3.5 million to the successful completion of the pipeline projects Retail Park Roermond in March 2008 and the extension of shopping centre Het Rond in Houten in the fourth quarter of 2008. The remaining increase related to various smaller acquisitions in 2007 and 2008.

Of the increase in France, € 3.9 million was due to the acquisition of the Lille portfolio in the fourth quarter of 2007. In Belgium, the pipeline project shopping centre Julianus in Tongres was successfully opened in April 2008, generating additional rental income of

VASTNED RETAIL

Development gross rental income

(x € 1,000)

	Gross rental income 2007	Acquisitions	Divestment Messancy	Disposals other	Transfer to under renovation/in pipeline	Like-for-like growth	Gross rental income 2008
Netherlands	46.0	4.4	–	(1.0)	–	1.1	50.5
Spain	33.0	–	–	–	(0.2)	0.7	33.5
France	22.2	4.6	–	–	(2.2)	1.3	25.9
Belgium	17.6	2.5	(0.6)	(0.2)	(0.1)	0.8	20.0
Turkey	0.7	0.3	–	–	–	–	1.0
Portugal	1.1	–	–	–	–	–	1.1
Total gross rental income	120.6	11.8	(0.6)	(1.2)	(2.5)	3.9	132.0
Operating expenses*	(15.7)	(1.3)	2.5	–	1.2	(1.9)	(15.2)
Total net rental income	104.9	10.5	1.9	(1.2)	(1.3)	2.0	116.8

* Including ground lease and net service charge expenses


jbc

Katrien Geysen, Shopping Center Management, Tongres

'Shopping centre Julianus brings new vigour to Tongres, the oldest city in Belgium. The conversion of an old hospital into a modern shopping centre has put Tongres on the map.'

The Hague

Lille

'The spread in our French property portfolio is excellent. Next to having about 20% of the property portfolio located in Paris, we have shopping units in virtually every city throughout of France. That is a very comfortable feeling.'

Benoît Dantec, country manager VastNed Retail France

Leiden

Nancy

€ 1.3 million in 2008. The increase of the Turkish gross rental income resulted from the acquisition of two high street shops in 2007, one of which was acquired empty and let in 2008.

- *Disposals*
  In 2007 and 2008, a number of smaller properties was disposed of in the Netherlands and Belgium resulting in a € 1.2 million decrease in gross rental income. The sale of Messancy at the end of January 2008 brought about a € 0.6 million decrease in gross rental income.

- *Transfer to investment properties under renovation or in pipeline*
  In 2008, it was decided to temporarily close the Plaisir-Sablons shopping centre near Paris for a complete redevelopment, resulting in a decrease of gross rental income of € 2.2 million compared to 2007. In Spain, the leisure part of property Parque Vistahermosa in Alicante and the cinema in shopping centre Montigalá, Badalona, will be converted into retail units, resulting in a decrease in gross rental income of € 0.2 million in 2008.

- *Like-for-like growth*
  In all countries, except Spain, like-for-like growth was above inflation due to realising reversionary potential or improving occupancy. The financial occupancy rate increased from 96.9% to 97.9%, mainly due to the letting of vacant units in the Limoges-Corgnac shopping centre in France and the taking out of operation of the parts of properties mentioned above in order to carry out redevelopments and renovations. Owing to the difficult economic climate in Spain, the increase due to rent indexation and rent renewals was reduced by € 1.0 million as a result of higher lease discounts, lower turnover rent and rental income and a slightly higher vacancy rate.

Operating expenses (including ground rents paid and net service charge expenses)
These expenses decreased by € 0.5 million (3.2%) from € 15.7 million to € 15.2 million, or from 13.0% to 11.5% as a percentage of gross rental income. This was caused on the one hand by the sale of the factory outlet in Messancy at the end of January 2008, which bore significant non-recoverable service charges, while on the other hand due to the economic downturn

additional provisions for bad debts had to be taken into account in Spain and to a lesser extent also in France. Part of these provisions relate to the fact that tenants were removed in connection with the renovation of the earlier mentioned properties.

Value movements investment properties
The value movements of the investment properties decreased sharply from € 208.0 million positive to € 122.6 million negative. Based on external appraisals the market value of the investment properties in operation fell by € 126.7 million, which is more than 6% of the value at year-end 2007. In all countries there was a negative yield-shift, with the greatest shift in Spain, followed by France. The negative yield-shift reflects the uncertainty of future rental growth and the tight financing market, as a result of which investors require higher returns.
Part of the negative value movements as a result of this yield-shift was offset by improved rent levels due to indexation and rent renewals at higher rent levels. The Belgian portfolio still reported an increase in value compared to 2007 due to the fact that the negative yield-shift was limited, some reversionary potential was realised and a positive result was generated by the successful development of shopping centre Julianus in Tongres.

Net result on disposals of investment properties
During 2008, several smaller properties, mainly in the Netherlands, were disposed with a total book value of € 57.0 million at the time of disposal. The net result after sales costs on these disposals was € 0.9 million positive. A profit of € 16.8 million was realised on the historical cost price of the disposed properties.

Expenditure

Net financing costs
Net financing costs rose by € 9.5 million from € 29.8 million in 2007 to € 39.3 million. This increase includes (x € 1 million):

- increase as a result of acquisitions/disposals	7.4
- increase due to higher average interest rate	1.1
- increase due to share buyback programme of September 2007	1.0
- increase of capitalised interest as a result of properties taken out of operation	(1.0)
- increase due to revaluation of an ineffective hedged interest derivate	0.4
Total increase	**9.5**

The average interest rate on the total interest-bearing loan capital increased from 4.64% to 4.80%, mainly as a result of the sharp rise of the short-term interest rate in the fourth quarter and higher credit-spreads charged by the banks.

General expenses
General expenses include the one-off expenses of the offering process of € 2.4 million. Adjusted for these expenses, general expenses remained approximately stable at € 7.8 million (2007: € 7.7 million).
Additional advisory costs in 2008 incurred in the Lille acquisition and elsewhere were offset by lower general expenses as a result of managing the Spanish portfolio in-house, saving approximately € 0.5 million.

Current income tax expense
Income tax expense showed an expense of € 1.7 million, against an income of € 0.7 million in 2007. This was due to one-off tax gains in France and Spain of in total € 1.6 million in 2007. The acquisition of taxable entities in the context of the Lille portfolio at the end of 2007 led to an additional tax charge of € 0.8 million in 2008. Originally these properties were scheduled to be taken into the tax-exempt SIIC regime in 2008, but due to the public offering process it was decided to execute this plan in 2009. The later adoption of the SIIC regime will result in exit tax savings of € 0.9 million.

Movement deferred tax assets and liabilities
The movement in deferred assets and liabilities showed an income (release) of € 12.3 million (2007: € 11.9 million expense) related to the negative value movements on the Spanish portfolio. Value movements in the Netherlands, Belgium and France do not result in movements in deferred tax liabilities due to locally exempt tax regimes.

Investment result attributable to minority interests
The investment result attributable to minority shareholders of € 7.2 million (2007: € 13.2 million) consists of the direct and indirect investment results attributable to minority interests of € 5.1 million (2007: € 3.7 million) and € 2.1 million (2007: € 9.5 million) respectively. The increase of the direct investment result attributable to minority shareholders was mainly connected to the higher direct investment result of Intervest Retail, in which VastNed Retail holds a 72.4% interest and which benefited from the sale of its underperforming factory outlet in Messancy at the end of January 2008. The positive indirect investment result attributable to minority interests was caused by positive value movements of the Belgian property portfolio held by Intervest Retail (partly related to the increase in value of shopping centre Julianus in Tongres which was successfully opened in 2008) and of an increase in value of shopping centre Het Rond in Houten as a result of the completion of the extension in 2008.

Investment result per share

Based on the average 16.4 million ordinary VastNed Retail shares outstanding, the total investment result per share, adjusted for the one-off costs of the offering process, came to € 2.97 negative (2007: € 14.64 positive). This result consists of a direct investment result per share of € 3.85 (2007: € 3.85) and a indirect investment result per share of € 6.82 negative (2007: € 10.79 positive).

The development in direct investment result was as follows (in €):

Direct investment result per share 2007	**3.85**
- Like for like growth *(excl. Messancy/shift in pipeline & renovation)*	0.12
- Increase due to acquisitions, net of interest	0.10
- Decrease due to disposals, net of interest	(0.02)
- Shift in pipeline & renovation *(mainly Plaisir)*	(0.02)
- Increase due to disposal of Messancy, net of interest and minority interest	0.09
- Increase of interest expenses due to higher interest rates	(0.10)
- Effect share buyback	0.03
- Increase general expenses	(0.01)
- Increase income tax expense Lille portfolio	(0.04)
- One-off income tax gain 2007	(0.10)
- Increase income tax expense	(0.01)
- Increase minority interests	(0.04)
- Direct investment result per share *(before costs of offering process)*	3.85
- Costs of offering process	(0.14)
Direct investment result per share 2008	**3.71**

Financing structure

The year 2008 was characterized by a difficult financing market, evidenced by tight bank liquidity, rising credit spreads and volatile interest rates. As of December 31, 2008 VastNed Retail's balance sheet showed a solid financing structure with an overall loan-to-value ratio of 41% and a solvency ratio, being group equity plus deferred taxes divided by the balance sheet total, of more than 55%.

The debt structure as at December 31, 2008 had the following components:

- the total interest-bearing debt amounted € 830.1 million;
- 73.5% of the outstanding debt was long-term with a weighted average duration based on contract expiry dates of 4.4 years;

VASTNED RETAIL

Loan portfolio (x € 1 million, year-end 2008)

	Fixed interest	Floating interest	Total	% of total
Long-term	532.0	78.4	610.4	73.5
Short-term	2.0	217.7	219.7	26.5
Total	534.0	296.1	830.1	100.0
% of total	64.3	35.7	100.0	

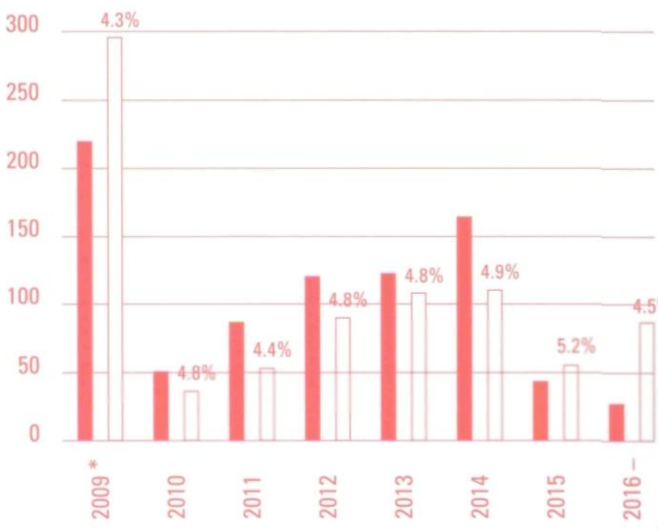
VASTNED RETAIL

Total debt contract and average interest revision risks

(x € 1 million)

Contract revision

Interest revision



* Including long-term interest-bearing loans due within one year and payable to banks

- a well-spread loan expiry schedule for these long-term loans with no expiries in 2009 and only € 50.0 million in 2010;
- 64.3% of the outstanding debt had a fixed interest rate, mainly due to the use of interest rate swaps. The average fixed interest rate as at December 31, 2008 was 4.7%. 35.7% of the outstanding debt had a floating interest rate and may benefit from a fall in the floating interest rate;
- as a result of the lower interest rate at year-end, a negative change in value of interest swaps was recognized (net of deferred taxes) of € 27.6 million.
- well-spread interest revision schedule with a weighted average duration of 5.0 years.
- unused credit facilities amounted to € 112.4 million.

With a solvency ratio of over 55% and an interest coverage ratio (adjusted for the one-off costs of the offering process) of 2.8, VastNed Retail is in compliance with all bank covenants. Financing contracts are usually concluded with a solvency ratio of at least 45% and an interest ratio of 2.0%–2.5%.

Despite the difficult financing market, VastNed Retail was able to raise new loans totalling € 100.0 million, which was mainly used to refinance existing loans. At year-end 2008, the average time to maturity of these new loans was 3.4 years and they were concluded at higher but still quite attractive spreads in view of the tight financing market.

Dividend distribution and dividend proposal

At the shareholders' meeting of April 8, 2008, the total dividend for the 2007 financial year was declared at € 3.85 per share, of which an interim dividend of € 1.12 per share had already been distributed in September 2007. Consequently, the final dividend came to € 2.73, of which the mandatory cash part was € 1.35 and the optional part was € 1.38 in cash or 1 new share per 47 shares. In this context, holders of 16% (2007: 23%) of the total number of outstanding shares opted for stock dividend, increasing the total number of shares by 55,429 shares.

VastNed Retail's dividend policy in principle consists of distributing the direct investment result to the shareholders in full. It was decided to adjust the direct investment result for the one-off costs of the offering process.

As from 2005, an interim dividend is also distributed based on 60% of the direct investment result as disclosed in the semi-annual figures. Based on the (adjusted) first-half direct investment result of 2008, an interim dividend of € 1.17 per share was distributed on September 1, 2008.

In line with previous years, an optional dividend is proposed to the shareholders, giving the shareholders the option of receiving the final dividend either fully in cash or partly in cash and partly in stock dividend, charged to the share premium reserve. In order to comply with the fiscal conditions for fiscal investment institutions, at least the fiscal result must be paid out in cash. In accordance with the dividend policy described earlier, it will be proposed to the general meeting of shareholders on April 7, 2009 to declare a final dividend of € 2.68 per ordinary share, being the 2008 (adjusted) direct investment result per share of € 3.85 less the interim dividend of € 1.17 per share. Taking into account the fiscal distribution obligation and the share price at that time, it will be possible to receive the final dividend either fully in cash or € 0.85 in cash and a percentage of VastNed Retail shares, charged to the share premium reserve, which will approach a value of € 1.83 per share. The final dividend will be made payable on May 4, 2009.

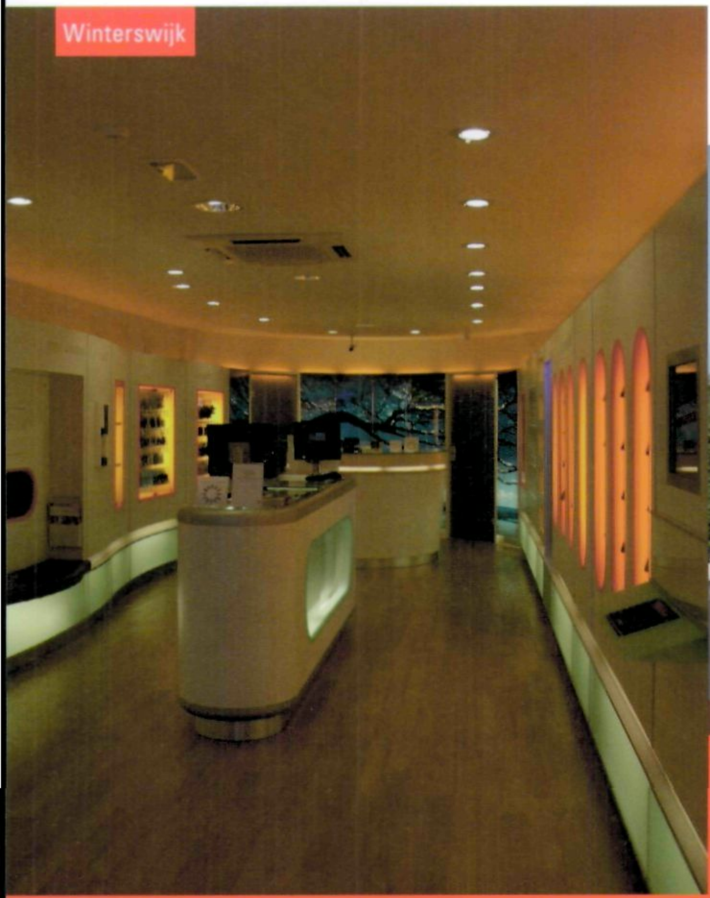
Outlook for 2009

In the current economic climate, VastNed Retail will mainly focus on stabilising its net operating income by means of active leasing activity and indexation, while closely monitoring tenants' payment records and reviewing their sales figures where available. Projections for future rental growth have been adjusted downwards in view of the significant decrease in consumer confidence and retail spending in the last few quarters. Clearly, the impact thereof on rent levels also depends on retail locations and tenants' branches.
Although it is difficult to make predictions in this turbulent and uncertain economic environment, the board of management is relatively optimistic, based on the quality of the portfolio and its spread both in terms of locations and tenant mix, that it will be able to weather the current economic storm.
Taking into account that one third of VastNed Retail's loan portfolio has a floating interest rate, the company may benefit from the recent sharp decreases in floating interest rates. On the other hand, this positive effect will be reduced to some extent by increased credit spreads charged by the banks in view of the lack of liquidity in the financing market.

In view of the turbulent economic environment, the volatile interest rate market and the expectation that the financing market will remain tight this year, the board of management refrains from a prediction with respect to the direct investment result for 2009.

This outlook is based on current expectations, assessments and prognoses and on the information currently available to the company. These statements are subject to certain risks and uncertainties which are hard to evaluate, such as the general economic conditions, interest rates, exchange rates and amendments to statutory laws and regulations. No guarantees can therefore be given that these expectations will materialise. Furthermore, we are under no obligation to update the statements made here.

Rotterdam, March 6, 2009
The board of management



The share and the stock exchange listing

Listing on NYSE Euronext

The VastNed Retail share has been listed on NYSE Euronext Amsterdam since November 9, 1987 and on NYSE Euronext Paris since December 20, 2004. As from March 3, 2008, VastNed Retail is included in the AMX index (Amsterdam Midkap Index). The average daily trading volume in 2008 was 63,538 shares, which represents an increase compared to 2007 (60,049 shares). VastNed Retail supports the implementation of NYSE Euronext's single trading platform for both the Amsterdam and Paris listings as of January 14, 2009 and expects a liquidity improvement for the Paris listing. VastNed Retail uses multiple liquidity providers to ensure the continuous liquidity of the share.
During 2008, Kempen & Co, Royal Bank of Scotland, All Options and Rabobank acted as liquidity providers for VastNed Retail, Kempen & Co acted as a paid liquidity provider, Royal Bank of Scotland, All Options and Rabobank as unpaid liquidity providers.

Indices

VastNed Retail is included in a number of indices. These indices support investors in the composition of their share portfolio. As stated earlier, VastNed Retail is included in the AMX index. Our impression is that investors make limited use of this index to guide them in 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 December 31, 2008, the weighting in the GPR indices was as follows:

GPR 250 Global	0.18%
GPR 250 Global ex-North America	0.29%
GPR 250 Europe	1.00%
GPR 250 Europe ex-UK	1.49%
GPR 250 Eurozone	1.86%
GPR 250 Netherlands	9.71%

With EPRA, VastNed Retail is included in the following indices:

EPRA/NAREIT Global	0.20%
EPRA/NAREIT Global ex-Asia	0.34%
EPRA/NAREIT Global ex-North America	0.36%
EPRA/NAREIT Europe	1.20%
EPRA/NAREIT Europe (UK-restricted)	1.38%
EPRA/NAREIT Europe ex-UK	1.79%
EPRA/NAREIT Liquid 40	1.39%
EPRA/NAREIT Liquid 40 ex-UK	2.12%
EPRA/NAREIT Eurozone	2.19%
EPRA/NAREIT Netherlands	10.38%

Return

In 2008, VastNed Retail realised the following return, expressed in euros and as a percentage of the 2007 closing price of € 65.70.

		Return 2008	Return 2007
Closing price 2008	36.00		
Closing price 2007	65.70		
Movement share price	(29.70)	(45.2)%	(14.7)%
Dividend May 2, 2008	2.73	4.1%	3.4%
Interim dividend September 1, 2008	1.17	1.8%	1.5%
Total return	**(25.80)**	**(39.3)%**	**(9.8)%**

Assuming immediate reinvestment of the dividends, the total return for 2008 was 41.7% negative (2007: 10.0% negative).

Share price

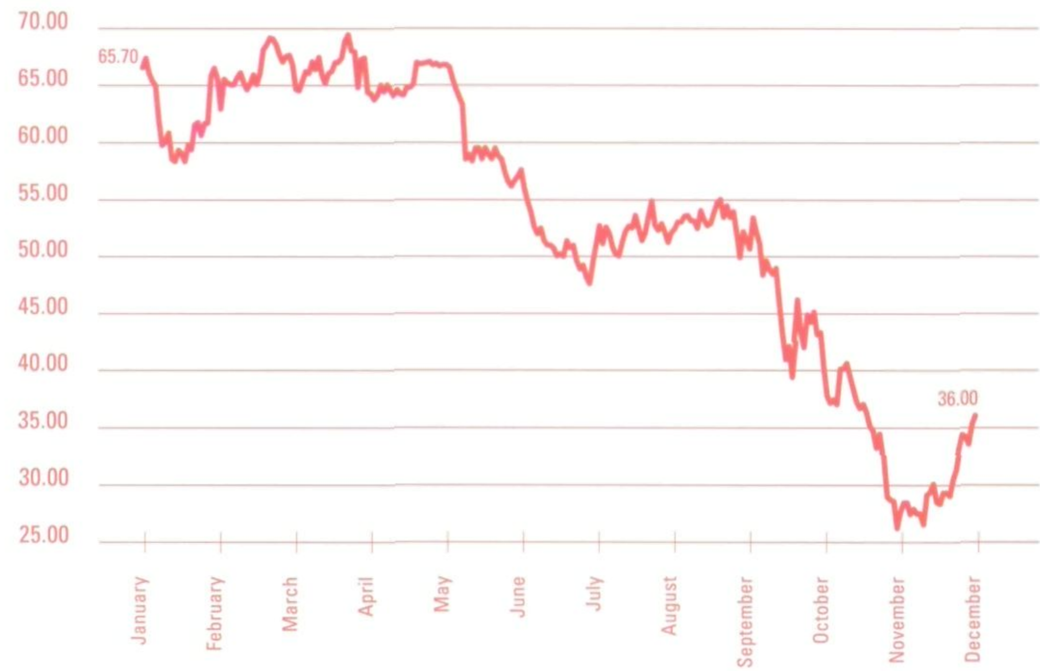
By the end of 2007, the share traded at a 5.4% discount to the net asset value per share. Net asset value per share held by VastNed Retail shareholders including the 2008 investment result decreased from € 69.42 (beginning of 2008) to € 60.80 (year-end 2008). The share price was more significantly affected than the net asset value per share resulting in an increased discount of 40.8% at year-end 2008. Other European property investment funds in 2008 also experienced falling share prices. VastNed Retail's total performance per share exceeded the European average (GPR 250 Europe: 51.0% negative), but performed below the Dutch average (GPR 250 Netherlands: 36.6% negative)

Market capitalisation based on the share price at year-end 2008 was € 591.0 million compared to € 1,075.0 million at year-end 2007. The lowest share price of € 26.30 was quoted on November 25, 2008, while the share quoted its highest price of € 69.38 on April 2, 2008.

Dividend

In accordance with its existing dividend policy (see Profile and Strategy) VastNed Retail paid out a final dividend for 2007 of € 2.73 on May 2, 2008. The stock

CLOSING PRICES VASTNED RETAIL SHARE IN 2008 (in €)



ratio entailed that 1 new share was distributed per 47 shares held. Depending on the shareholder's choice, this meant that per share the dividend paid out was either € 2.73 in cash or € 1.35 in cash and $^{1}/_{47}{}^{th}$ VastNed Retail share. In this context, a total of 55,429 shares were issued and charged to the share premium reserve.

Number of shares and share buyback programmes

As at year-end 2008, 16,417,526 ordinary shares of € 5 per share were in issue. The outstanding share capital furthermore includes 10 priority shares of € 5 each. In 2008 no share buyback programmes were executed.

Major shareholders

The company has information on the identity of large shareholders. Disclosed and reliable information on the exact numbers is limited. The company qualifies major shareholders as shareholders holding more than 5% according to the filings with the Netherlands Authority for the Financial Markets (AFM).
Please note that these filings do not provide the actual shareholdings as at the reporting date, but merely give an indication of the brackets that the shareholdings are in (e.g. 5-10% or 20-25%). The following investors may be designated as major shareholders (>5%, as registered with AFM):

- Stichting Pensioenfonds PGGM	21.08%
- Nomura Asset Management Co.Ltd	5.93%
- Stichting Pensioenfonds ABP	5.04%

Investor relations

VastNed Retail continued its active investor relations policy in 2008. This policy is aimed at raising awareness of the fund among institutional and private investors. The CEO, CFO and the general counsel are actively involved in maintaining relations with these investors. Other VastNed Group personnel is also involved in specific activities such as property tours. Various means are used in the pursuit of the investor relations policy, such as investor roadshows, press releases, the annual report, the VastNed website and the company's newsletter *Behind the Façade*.

Contact

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Director investor relations
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Telephone +31 10 24 24 302
arnaud.du.pont@vastned.nl

Investor roadshows

Investor roadshows are a key component of our investor relations policy. In 2008, meetings were held with a large number of institutional investors in the financial centres in Europe and in the United States.

Press releases and publication of periodical reports

Price-sensitive information is always disclosed to the general public through press releases. It is also reported to the financial authorities (Netherlands Authority for the Financial Markets in Amsterdam, Autorité des Marchés Financiers in Paris and NYSE Euronext) and placed on the company's website (*www.vastned.nl*). Only previously published information is commented upon in contacts with the press, with individual investors and analysts.
Upon publication of annual and semi-annual figures, VastNed Retail holds an analysts' meeting, while a conference call for analysts is used to comment on the first three months' results and nine months' results. Both the analysts' meetings and the conference calls can be followed through an audio webcast on *www.vastned.nl*. No analysts' meetings, presentations to or direct meetings with investors take place shortly before publication of financial reports.

Sell-side analysts

Reports of sell-side analysts are neither evaluated in advance nor corrected other than for factual inaccuracies. VastNed Retail does not pay fees to any party to draw up analysts' reports. Currently, VastNed Retail is being covered by twelve (sell-side) analysts of reputed banks who publish research reports on a regular basis. The following banks have their sell-side analysts cover VastNed Retail:
- Amsterdams Effectenkantoor (AEK)
- Credit Suisse
- Fortis Bank (the Netherlands)
- Exane BNP Paribas
- Goldman Sachs
- Iris
- JPMorgan
- Kempen & Co
- Merrill Lynch
- PeterCam
- Rabobank
- Royal Bank of Scotland

Annual report

In 2008, for the second consecutive year, VastNed Retail's reporting gained high praise: the IVBN (Dutch Association of Institutional Property Investors) awarded the annual report a mark of 9.2 out of ten for transparency and compliance with IVBN recommendations, which was among the highest assessments of the IVBN members. The IVBN annually investigates the degree to which the IVBN members observe its recommendations. The European association of listed property investment companies EPRA also annually surveys listed companies. In 2008, 92 companies were surveyed. For the first time in a number of years, VastNed Retail failed to reach the top five either in terms of absolute points or in terms of improvement. Consequently, VastNed Retail requested its external auditor to assess which aspects of the annual report might be improved. In this year's report, VastNed Retail has implemented the larger part of the recommendations made, such as including the EPRA triple net asset value in the annual accounts. Furthermore, all internal disciplines actively contribute to safeguard the report's quality and improve it where necessary.
The 2008 annual report is available in English and Dutch. An excerpt is available in French. The English version is available in hardcopy, while the Dutch copy and French excerpt are for money-saving purposes, available on *www.vastned.nl* in PDF-format only.

Website

VastNed Retail's website *www.vastned.nl* provides for information on the property fund, including the fund's profile and strategy, the property portfolios in the various countries, investor information, corporate governance, media and tenants. Additionally, VastNed Retail also sets out the evaluation of the fund according to analysts' reports prepared by sell-side analysts. The website offers an alert service that sends press releases, presentations and the newsletter to subscribers by e-mail. As providing information through the internet has a high priority for VastNed Retail, the company closely follows the latest internet developments. The company has recently carried out an external assessment of its website by a professional internet consultancy firm. This firm reported late December 2008. The outcome was positive and VastNed Retail strives to implement the recommendations made by this consultant.

Behind the Façade

The newsletter *Behind the Façade* informally highlights topical issues affecting VastNed Retail for all VastNed Retail's business relations, focusing on the typical local atmosphere of the countries and cities where VastNed Retail operates.

Annual accounts 2008

Consolidated profit and loss account

(x € 1,000)

	Notes	2008	2007
Net income from investment properties			
Gross rental income	4, 26	132,007	120,577
Ground rents paid	4	(557)	(538)
Net service charge expenses	4	(2,099)	(3,640)
Operating expenses	4	(12,495)	(11,478)
Net rental income		116,856	104,921
Value movements investment properties in operation	5	(126,680)	208,456
Value movements investment properties under renovation	5	3,313	(502)
Value movements investment properties in pipeline	5	727	–
Total value movements investment properties		(122,640)	207,954
Net result on disposals of investment properties	6	946	(6,455)
Total net income from investment properties		**(4,838)**	**306,420**
Expenditure			
Financial income	7	2,185	1,182
Financial expenses	7	(41,024)	(30,948)
Value movements financial derivatives	7	(461)	–
Net financing costs		(39,300)	(29,766)
General expenses	8	(10,228)	(7,740)
Total expenditure		**(49,528)**	**(37,506)**
Investment result before taxes		**(54,366)**	**268,914**
Current income tax expense	9	(1,742)	703
Movement deferred tax assets and liabilities	9	12,289	(11,850)
		10,547	(11,147)
Investment result after taxes		**(43,819)**	**257,767**
Investment result attributable to minority interests		(7,235)	(13,227)
Investment result attributable to VastNed Retail shareholders		**(51,054)**	**244,540**
Per share (x € 1)			
Investment result attributable to VastNed Retail shareholders	10	(3.11)	14.64
Diluted investment result attributable to VastNed Retail shareholders	10	(3.11)	14.64

Direct and indirect investment result

(x € 1,000)

	2008	2007
Direct investment result [1]		
Gross rental income	132,007	120,577
Ground rents paid	(557)	(538)
Net service charge expenses	(2,099)	(3,640)
Operating expenses	(12,495)	(11,478)
Net rental income	116,856	104,921
Financial income	2,185	1,182
Financial expenses	(41,024)	(30,948)
Net financing costs	(38,839)	(29,766)
General expenses	(10,228)	(7,740)
Direct investment result before taxes	67,789	67,415
Current income tax expense	(1,742)	703
Direct investment result after taxes	66,047	68,118
Direct investment result attributable to minority interests	(5,159)	(3,751)
Direct investment result attributable to VastNed Retail shareholders	**60,888**	64,367
Indirect investment result		
Value movements investment properties in operation	(126,680)	208,456
Value movements investment properties under renovation	3,313	(502)
Value movements investment properties in pipeline	727	–
Total value movements investment properties	(122,640)	207,954
Net result on disposals of investment properties	946	(6,455)
Value movements financial derivatives	(461)	–
Indirect investment result before taxes	(122,155)	201,499
Movement deferred tax assets and liabilities	12,289	(11,850)
Indirect investment result after taxes	(109,866)	189,649
Indirect investment result attributable to minority interests	(2,076)	(9,476)
Indirect investment result attributable to VastNed Retail shareholders	**(111,942)**	180,173
Investment result attributable to VastNed Retail shareholders	**(51,054)**	244,540
Per share (x € 1)		
Direct investment result attributable to VastNed Retail shareholders	3.71	3.85
Indirect investment result attributable to VastNed Retail shareholders	(6.82)	10.79

1 The direct investment result is presented in accordance with the Best Practices Recommendations as published by EPRA.

Consolidated balance sheet as at December 31

(x € 1,000)

Assets

	Notes	2008	2007
Investment properties in operation	12	1,965,256	2,062,078
Investment properties under renovation	12	26,043	3,054
Other assets in respect of lease incentives	12	1,976	2,395
		1,993,275	2,067,527
Investment properties in pipeline	12	21,514	25,574
Total investment properties		2,014,789	2,093,101
Tangible fixed assets		1,075	1,387
Financial derivatives	24	–	11,591
Deferred tax assets	13	1,218	2,422
Total fixed assets		**2,017,082**	2,108,501
Debtors and other receivables	14, 16	21,181	29,429
Income tax		2,204	145
Cash and cash equivalents	15, 16	3,089	13,748
Total current assets		**26,474**	43,322
Total assets		**2,043,556**	2,151,823

Equity and liabilities

	Notes	2008	2007
Capital paid-up and called	17	**82,088**	84,381
Share premium reserve	17	**407,460**	405,181
Hedging reserve in respect of financial derivatives	17	**(17,864)**	8,471
Translation reserve	17	**76**	66
Other reserves	17	**577,464**	393,190
Investment result attributable to VastNed Retail shareholders	17	**(51,054)**	244,540
Equity VastNed Retail shareholders		**998,170**	1,135,829
Equity minority interests	17	**96,230**	79,113
Total equity		**1,094,400**	1,214,942
Deferred tax liabilities	13	**40,460**	57,669
Provisions in respect of employee benefits	18	**1,236**	1,915
Long-term interest-bearing loans	19, 24	**610,456**	538,092
Financial derivatives	24	**20,697**	302
Long-term tax liabilities	20	**8,435**	9,690
Guarantee deposits and other long-term liabilities	21	**9,265**	9,948
Total long-term liabilities		**690,549**	617,616
Payable to banks	22	**183,380**	191,635
Redemption long-term liabilities		**36,283**	71,735
Income tax		**4,343**	9,656
Other liabilities and accruals	23	**34,601**	46,239
Total short-term liabilities		**258,607**	319,265
Total equity and liabilities		**2,043,556**	2,151,823

Consolidated statement of movements in equity

(x € 1,000)

		2008		2007
Equity as at January 1		1,214,942		1,048,081
Value movements financial derivatives		(27,173)		5,395
Direct investment result	66,047		68,118	
Indirect investment result	(109,866)		189,649	
Investment result		(43,819)		257,767
Share buyback	–		(30,653)	
Capital contributions to subsidiaries	14,573		–	
		14,573		(30,653)
Final dividend previous financial year in cash	(41,073)		(42,297)	
Interim dividend in cash	(19,209)		(18,885)	
Dividend paid to minority interests	*(3,853)*		*(4,525)*	
Costs of stock dividend	(14)		(7)	
Dividend payment in cash		(64,149)		(65,714)
Translation differences net investments		10		66
Other movements		16		–
Equity as at December 31		**1,094,400**		1,214,942
Value movements financial derivatives directly recognised in equity		(27,173)		5,395
Translation differences net investments		10		66
Investment result		(43,819)		257,767
Total result		**(70,982)**		263,228
Attributable to:				
VastNed Retail shareholders		(77,379)		249,958
Minority interests		6,397		13,270
		(70,982)		263,228

Consolidated cash flow statement

(x € 1,000)

	2008	2007
Cash flow from operating activities		
Investment result	(43,819)	257,767
Adjustments for:		
Value movements investment properties	122,640	(207,954)
Net result on disposals of investment properties	(946)	6,455
Net financing costs	39,300	29,766
Income tax	(10,547)	11,147
Cash flow from operating activities before changes in working capital and provisions	106,628	97,181
Movement current assets	2,256	5,373
Movement short-term liabilities	(2,964)	2,005
Movement provisions	(679)	340
	105,241	104,899
Interest paid (on balance)	(40,817)	(30,133)
Income tax paid	(2,998)	(1,057)
Cash flow from operating activities	**61,426**	73,709
Cash flow from investment activities		
Acquisition of and capital expenditure on investment properties	(107,411)	(200,041)
Disposal of investment properties	63,389	6,684
Capital contributions to subsidiaries	14,573	–
Cash flow from property	(29,449)	(193,357)
Movement tangible fixed assets	312	(268)
Cash flow from investment activities	**(29,137)**	(193,625)
Cash flow from financing activities		
Share buyback	–	(30,653)
Dividend paid	(60,310)	(61,207)
Dividend paid to minority interests	(3,853)	(4,525)
Interest-bearing loans drawn down	100,000	293,987
Interest-bearing loans redeemed	(78,785)	(70,945)
Cash flow from financing activities	**(42,948)**	126,657
Movement in cash and cash equivalents	**(10,659)**	6,741
Cash and cash equivalents as at January 1	13,748	7,007
Cash and cash equivalents as at December 31	**3,089**	13,748

Notes to the consolidated annual accounts

(x € 1,000)

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 which makes long-term investments primarily in individual retail properties, shopping centres and retail warehouses. At year-end 2008, the investments were concentrated in the four core countries: the Netherlands, Spain, France and Belgium. Some properties are owned in Istanbul, Turkey. The company aims to add Turkey as a fifth core country to the four existing ones. VastNed Retail N.V. is listed on the NYSE Euronext stock exchanges of Amsterdam and Paris.

On October 20, 2006, the AFM granted to VastNed Management B.V. the licence as meant in Section 65 (1) (a) of Book 2 of the Act on Financial Supervision as enacted in 2007 (previously Section 5 of the Act on the Supervision of Investment Institutions) pursuant to which this company 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 subsidiaries and entities over which it has joint control.

The company profit and loss account has been rendered in abbreviated form pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

2 Significant principles for financial reporting

a Statement of compliance

The consolidated annual accounts of the Company are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. 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), as far as they apply to the Group's activities, effective on the financial years starting from January 1, 2008.

New or amended Standards and Interpretations which became effective in 2008
Compared to the Standards effective in 2007, in 2008 no new Standards or amendments to the Standards have become effective for the Group. The following Interpretations published by the International Financial Reporting Interpretations Committee became effective in 2008:

- *IFRIC 11 Group and Treasury Share Transactions*
  This interpretation has become effective for financial years starting on or after March 1, 2007 and provides, supplementary to IFRS 2, an interpretation of the recognition of payments in or based on shares to the company's employees. The Group has already applied this IFRIC in 2007 and this did not cause any changes.
- *IFRIC 12 Service Concession Arrangements*
  This interpretation applies to financial years starting on or after January 1, 2008. This did not result to changes in the 2008 annual accounts.
- *IFRIC 14, IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
  This interpretation applies to financial years starting on or after January 1, 2008. In view of the nature and the relatively limited size of the applicable defined benefit pension schemes in the Group, this interpretation did not have a material effect on the 2008 annual accounts.

New or amended Standards and Interpretations not yet effective

A number of new Standards, amended Standards and Interpretations had not yet taken effect in 2008, but may be applied in advance. Unless stated otherwise, the Group has not made use of this. To the extent that these new Standards, amended Standards and Interpretations are relevant to the Group, the effect their application might have on the consolidated accounts for 2008 and beyond is set out below.

- *IAS 1 (revised) Presentation of Financial Statements*
  This amendment applies to financial years starting on or after January 1, 2009. Next to several not substantive changes in terminology (e.g. 'balance sheet' is referred to as 'statement of financial position'), the amendment includes the introduction of a 'statement of comprehensive income' and a more extensive 'statement of changes in equity' (currently included in the notes to the financial statements). The main effect of this amendment relates to the presentation of value movements of financial derivatives currently directly recognised in equity, which will be separately shown (with its related tax effect) as other comprehensive income in the statement of comprehensive income.
- *IAS 23 (revised) Borrowing Costs*
  This amendment applies to financial years starting on or after January 1, 2009. The amendment of IAS 23 cancels the option to recognise all costs associated with taking out loans directly as costs at the time they are incurred. The Group already applies this amendment, even though it has no effect on the principles for financial reporting applied by the Group, since the Group already capitalises financing costs directly attributable to the acquisition or construction of investment properties.
- *IAS 27 (revised) Consolidated and Separate Financial Statements & IFRS 3 (revised) Business Combinations*
  These amendments apply to financial years starting on or after July 1, 2009, but have not yet been endorsed by the European Union. The amendments especially refer to the accounting of changes in ownership of (non-) controlling interest especially in situations where control is achieved or lost. Once control is obtained, all subsequent changes in ownership interests that do not involve the loss of that control are treated as transactions among shareholders. Goodwill is not remeasured or adjusted. Furthermore, the consideration for an acquisition, based on which the goodwill is measured, is determined on fair value at the acquisition date. Changes in the consideration after the acquisition date do not result in a remeasurement or adjustment of goodwill.
  Costs incurred to effect a business combination (e.g. advisory, legal, accounting fees) are not included in the consideration but expensed in the period incurred. The Group will evaluate any consequences for the mandatory application in the 2010 financial year.
- *IAS 32 & IAS 1 (revised) Puttable Financial Instruments and Obligations Arising on Liquidation*
  The amendments apply to financial years starting on or after January 1, 2009. These amendments relate to the criteria for classifying puttable financial instruments as equity. IAS 1 has been amended by the introduction of new disclosure requirements relating to puttable instruments and obligations arising on liquidation. Based on the nature of the currently applicable financial instruments within the Group, it is not expected that these amendments will have a material effect on the Group's financial statements.
- *IAS 39 (revised) Eligible Hedged Items*
  This amendment applies to financial years starting on or after July 1, 2009. The amendment has not yet been endorsed by the European Union. The amendment clarifies the conditions for two specific situations where hedge accounting may be applied: hedging of inflation risk and hedging with options. Based on the current nature of the currently applied financial instruments it is not expected that this amendment will have an effect on the Group's financial statements.

- *IAS 40 (revised) Investment Property*
  This amendment applies to financial years starting on or after January 1, 2009, but has not yet been endorsed by the European Union. The major change as a result of this amendment is that IAS 40 also applies to investment properties in pipeline. Currently, investment properties in pipeline are valued in accordance with IAS 16, which is the lower of cost or market value. In case the fair value option is used in IAS 40 (as the Group has opted for), investment properties in pipeline should also be valued at fair value. Depending on the nature of the investment properties in pipeline it may be complex to determine their fair value. The Group is assessing the consequences of this amendment, but taking into account the relatively limited size of investment properties in pipeline and that the major part of these properties are already valued at fair value, the effects on the financial statements of the Group are considered to be limited.
- *IFRS 1 & IAS 27 (revised) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
  These amendments apply to financial years starting on or after January 1, 2009 and relate especially to the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time. The Group is assessing whether this amendment will have effect on the Group's financial statements.
- *IAS 39 & IFRS 7 (revised) Reclassification of Financial Assets*
  These amendments apply to financial years starting on or after July 1, 2008. These amendments permit reclassification of certain non-derivative financial assets recognised in accordance with IAS 39. It is not expected that these amendments will have effect on the Group's financial statements.
- *IFRS 1 (revised) First-time Adoption of Financial Reporting Standards*
  This amendment applies to financial years starting on or after July 1, 2009, but has not yet been endorsed by the European Union. The revision only relates to an improvement of the structure of the Standard; no new or revised technical matters have been introduced.
- *IFRS 2 (revised) Share-based Payment: Vesting Conditions and Cancellations*
  This amendment applies to financial years starting on or after January 1, 2009. IFRS 2 relates (a/o) to share-based payment transactions. For the Group this amendment may apply to the bonus scheme of the statutory directors, especially to the bonus related to the direct investment result which is awarded conditionally in the form of VastNed Retail shares. The bonus is cancelled in case two years after the awarding the direct investment result per share (so-called 'vesting period') is lower than at the moment of awarding. The amendment clarifies (a/o) the accounting treatment in case of cancellation of the bonus in case the conditions are not met. The Group will evaluate any consequences of this revised IFRS. Based on the size of the bonus scheme a change, if any, will not have a material effect on the Group's financial statements.
- *IFRS 8 (new) Operating Segments*
  This new standard, effective as from January 1, 2009, supersedes IAS 14 Segment Reporting. This standard introduces new guidelines regarding the information on distinct segments to be disclosed. It is obligated to match the choice of the distinct segments and the related notes to the segments currently in use in internal reports. As the current reported segments are in line with which is currently also used in internal reports, it is expected that this new Standard will not lead to major changes in the segment information provided in the consolidated annual accounts.
- *IFRIC 13 Customer Loyalty Programmes*
  This interpretation applies to financial years starting on or after July 1, 2008. This interpretation has no consequences for the Group since it does not have such programmes.
- *IFRIC 15 Agreements for the Construction of Real Estate*
  This interpretation applies to financial years starting on or after January 1, 2009, but has not yet been endorsed by the European Union. It addresses the accounting for revenue and associated expenses by entities that undertake construction

of real estate and sell the properties in pipeline before the construction has been completed. The Group is assessing the effects of this interpretation on its financial statements.

- *IFRIC 16 Hedges of a Net Investment in a Foreign Operation*
  This interpretation applies to financial years starting on or after October 1, 2008. The interpretation has not yet been endorsed by the European Union. The interpretation clarifies the accounting for hedging of foreign currency exposure of foreign operations. This interpretation may have effect on the hedging of the currency exposure of the Turkish operations. Due to the current limited size of the Turkish operations the effect on the financial statements of the Group will be limited.
- *IFRIC 17 Distribution of Non-cash Assets to Owners*
  This interpretation applies to financial years starting on or after July 1, 2009, but has not yet been endorsed by the European Union. It provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The most significant conclusion mentioned in the IFRIC is that the dividend should be measured at the fair value of the assets distributed, and that any difference between this amount and the previous carrying amount of the assets distributed should be recognised in profit and loss when the entity settles the dividend payable. The Group will asses the effects of this interpretation on its financial statements.

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 are valued at fair value. 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 and for all periods presented in these consolidated financial statements.

In the presentation of the annual accounts in compliance with IFRS, the board of management has made judgements concerning estimates and assumptions which impact the figures included in the annual accounts. The estimates and underlying assumptions concerning the future are based on historical experience and other relevant factors, given the circumstances at 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 reviewed, or if the estimate also impacts future periods, also in these future periods.

The principal estimates and assumptions concerning the future and other important sources of estimate uncertainties at balance sheet date which have a material impact on the annual accounts and which present a significant risk of material adjustment of book values in the subsequent financial year are included in '29 Accounting estimates and judgements'

c Principles for consolidation

Subsidiaries

Subsidiaries are entities in 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. In the assessment of whether this is the case, potential exercisable or convertible voting rights are taken into account. 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. Minority interests are separately recognised in the balance sheet under equity. Minority interests in the result of the Group are also recognised separately in the profit and loss account.

Transactions eliminated on consolidation
Balances within the Group and possible 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 subsidiaries 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 or debts taken over at the time of transfer, plus costs directly attributable to the acquisition. Acquired identifiable assets and (contingent) liabilities are initially recognised at fair value on the acquisition date. Goodwill is the amount by which at its first recognition the cost price of an acquired entity exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities. The value of the assets, liabilities and contingent liabilities of entities acquired before January 1, 2004 is based on the previously applied accounting principles.

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. Annually, or earlier if circumstances give cause, goodwill is assessed for impairment. For subsidiaries, the book value of the goodwill is included in the book value of the investments in the subsidiaries.

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 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 except the entities in Turkey, where the functional currency is the US dollar.
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 currency 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 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, which materially are 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 whereby, if the relevant annual accounts are drawn up in a different currency, assets and liabilities are translated into euros at balance sheet date and income and expenses are translated at exchanges rates approaching 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 translation of net investments in foreign activities and related hedges are also recognised in equity under Translation reserve. In case of a (partial) sale of an entity or foreign operation, the cumulative balance of the 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 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 contingent conditions included in the agreement can no longer be invoked, or the chance that they will be invoked is small. Upon first recognition, the investment properties are recognised at acquisition price, plus costs attributable to the acquisition, including transfer tax, property agency fees, due diligence costs, and legal and civil-law notary costs.
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, corrected for any balance sheet items in respect of lease incentives (see under 'q Gross rental income'). The fair value is based on market value (costs borne by the buyer), i.e. the estimated value at which an investment property could be traded at balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties operating prudently and without duress. Account is taken of differences between market rent and contractual rent, operating expenses, vacancy, maintenance and future developments. All investment properties in operation and under renovation are appraised at least once per year by independent certified appraisers.

The valuation methodology is based on international appraisal guidelines (RICS Appraisal and Valuation Standards). In order to present the fair value at 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. Once a year, evenly spread across the various quarters, an extensive appraisal report is drawn up by the external appraiser. In the other quarters an update of the most recent extensive report by the external appraiser is considered sufficient.
- Investment properties with an expected individual value of € 2.5 million or less are appraised externally at least once per year, evenly spread across the different quarters. Based on the outcome of these appraisals (each quarter approximately 25% of all investment properties with an individual value of € 2.5 million or less) the fair value of the part not externally appraised in that quarter is determined internally .

- In the selection of the external appraisers, reputation, independence, relevant experience with the location and the type of investment property are taken into account. For every investment property, the external appraiser is replaced in principle every three years.

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

Profits and 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 and losses resulting from disposal of an investment property are determined as the difference between net income from disposal and the latest published book value of the investment property and 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. Investment properties in pipeline are valued at cost less any cumulative impairment losses until such time when the construction or development is completed. At the time of transition to investment properties in operation, the difference between the fair value at that time and the book value is recognised in the profit and loss account. The cost price of investment properties in pipeline includes, to the extent applicable, acquisition costs, transfer tax and all directly attributable costs necessary for preparing the property for letting. 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, expenditure is made and financing costs are incurred. Capitalisation of financing costs is terminated at such time when construction or renovation 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 that 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 specifically taken out are capitalised in full.

g Tangible fixed assets

Tangible fixed assets particularly 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 respective assets. 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 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 expects to receive or to pay if the financial interest rate derivatives are terminated at balance sheet date, whereby the actual interest and the actual credit risk of the respective counterparty or counterparties at balance sheet date are taken into account. The amount is determined based on information from reputed 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 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 matched to the objectives of the treasury policy. In addition, it is investigated both retrospectively and prospectively whether the hedging transactions are highly effective in compensating the risk of changes in the fair value of the hedged positions or the hedged risk of attributable cash flows.
The recognition of gains and losses depends on the degree of hedging:

- *Derivatives not designated as hedge accounting or that do not quality for hedge accounting*
  These 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 changes in the fair value of the hedged liabilities associated with the hedged risk. The Group currently does not 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 (less any deferred tax liabilities) under the item 'Hedging reserve in respect of financial derivatives'. The ineffective part of the financial interest derivative is recognised in the profit and loss account.

When an interest derivative expires or is sold, terminated or exercised, or when 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

Ordinary shares and priority shares are classified as equity VastNed Retail shareholders. External costs directly attributable to the issuing of new shares, such as issuing costs, are deducted from the 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 of the capital paid-up and called associated with the issue of ordinary shares in respect of stock dividend is charged to the share premium reserve, as are the costs in respect of stock dividend.

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

Dividends in cash to holders of ordinary and priority shares are charged to other reserves in the period in which the dividends are declared by the Company.

l Deferred tax assets and deferred tax 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, provided that the temporary differences will probably 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, tax rates are taken into account which are expected to apply to the period in which the liability will be settled based on tax rates (materially) enacted at balance sheet date. For the valuation of deferred tax liabilities, the tax consequences of the way in which the Group expects to realise or settle the book value of its assets and liabilities is taken into account. Deferred tax liabilities are not discounted.

m Provisions in respect of employee benefits

Defined benefit pension plans
The Groups 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 liability is to be settled. For this calculation, the external actuary employs the projected unit credit method.

When the pension rights in respect of a plan are improved, the part of the improved pension benefit 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 January 1, 2004, the transition date to IFRS, have been recognised. Actuarial gains and losses arising after January 1, 2004 are recognised by the Group according to the so-called 'corridor' approach. According to this 'corridor' approach, any accumulated unrecognised actuarial gains or losses exceeding 10% of the greater of the present value of the gross commitment of the defined (pension) benefits and 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 asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan, 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 personnel 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 constructive obligation resulting from a past event and if it is probable that the settlement of that liability requires an outflow of funds. If the effect is material, provisions are entered 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 the incurring of the interest-bearing debt. After their first recognition, interest-bearing debts are stated at amortised cost, whereby a possible difference between the cost price and the debt to be repaid is recognised in the profit and loss account for the term of the debt based on the effective interest rate method. Interest-bearing debts with a duration 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 are 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 'Other assets in respect of lease incentives'. These accruals are corrected at the fair value of the respective investment properties in operation and under renovation.

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 recovery 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 property tax. These costs are attributed to the period to which they relate. Costs incurred when concluding operational lease contracts 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 actually payable and recoverable as attributable to the reporting period and the movement in deferred tax assets and deferred tax liabilities (see under 'l Deferred tax assets and deferred tax 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 taxes are recognised under equity.

Taxes actually payable and offsettable on the reporting period are taxes that are expected to be payable on taxable profit in the financial year, calculated based on tax rates and tax legislation enacted or substantively enacted at balance sheet date and corrections for taxes payable on previous years.

Additional income tax in respect of dividend payments by subsidiaries are recognised at the same time as the obligation to pay out the dividend concerned.

w Direct investment result

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

x Indirect investment result

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 liabilities or deferred tax assets and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to minority interests.

y 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 cash flow from operating activities. Expenditure in respect of dividend is recognised under cash flow from financing activities.

z Segment information

The segment information is presented based on the countries where the investment properties are located.

3 Segment information

	Netherlands		Spain		France	
	2008	2007	2008	2007	2008	2007
Net rental income	44,035	40,348	29,012	29,598	23,586	19,981
Value movements investment properties in operation	(6,673)	85,906	(84,496)	58,010	(42,989)	42,369
Value movements investment properties under renovation	–	–	6,031	–	–	–
Value movements investment properties in pipeline	1,042	–	–	–	(3,536)	–
Net result on disposals of investment properties	684	337	–	–	5	238
Total net income from investment properties	**39,088**	126,591	**(49,453)**	87,608	**(22,934)**	62,588
Net financing costs						
General expenses						
Income tax						
Minority interests						
Investment result attributable to VastNed Retail shareholders						

	Netherlands		Spain		France	
	2008	2007	2008	2007	2008	2007
Investment properties in operation						
Balance as at January 1	714,478	616,761	572,931	512,303	470,574	320,329
– Acquisitions	5,653	15,188	–	–	2,310	107,574
– Capital expenditure	2,515	2,916	2,352	2,618	(1,024)	363
– Taken into operation	88,075	–	–	–	–	–
– Transferred to investment properties under renovation	–	–	(11,149)	–	–	–
– Transferred to investment properties in pipeline	–	–	–	–	(19,500)	–
– Disposals	(56,205)	(6,293)	–	–	(109)	(61)
– Exchange rate differences	–	–	–	–	–	–
	754,516	628,572	564,134	514,921	452,251	428,205
– Value movements	(6,673)	85,906	(84,496)	58,010	(42,989)	42,369
Balance as at December 31	747,843	714,478	479,638	572,931	409,262	470,574
– Other assets in respect of lease incentives	651	622	912	1,378	176	274
Appraisal value as at December 31	**748,494**	715,100	**480,550**	574,309	**409,438**	470,848
Investment properties under renovation	–	–	19,220	–	–	–
Investment properties in pipeline	3,315	13,209	–	–	18,199	–
Investment properties	**751,809**	728,309	**499,770**	574,309	**427,637**	470,848
Other assets	8,376	4,740	2,514	2,669	2,639	4,843
Not allocated to segments						
Total assets						
Liabilities	18,140	11,271	43,944	58,316	20,893	28,046
Not allocated to segments						
Total liabilities						

Belgium		Turkey		Portugal		Germany		Total	
2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
18,352	13,478	816	487	1,055	1,029	–	–	116,856	104,921
9,931	22,019	(516)	(1,198)	(1,937)	1,350	–	–	(126,680)	208,456
(2,718)	(502)	–	–	–	–	–	–	3,313	(502)
3,221	–	–	–	–	–	–	–	727	–
257	(4,569)	–	–	–	–	–	(2,461)	946	(6,455)
29,043	30,426	**300**	(711)	**(882)**	2,379	–	(2,461)	**(4,838)**	306,420
								(39,300)	(29,766)
								(10,228)	(7,740)
								10,547	(11,147)
								(7,235)	(13,227)
								(51,054)	244,540

Belgium		Turkey		Portugal		Germany		Total	
2008	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*
268,405	242,876	20,272	–	15,418	14,068	–	–	2,062,078	1,706,337
1,050	21,342	–	22,586	–	–	–	–	9,013	166,690
2,059	689	66	–	–	–	–	–	5,968	6,586
20,650	–	–	–	–	–	–	–	108,725	–
(6,572)	–	–	–	–	–	–	–	(17,721)	–
–	–	–	–	–	–	–	–	(19,500)	–
(727)	(18,521)	–	–	–	–	–	–	(57,041)	(24,875)
–	–	414	(1,116)	–	–	–	–	414	(1,116)
284,865	246,386	20,752	21,470	15,418	14,068	–	–	2,091,936	1,853,622
9,931	22,019	(516)	(1,198)	(1,937)	1,350	–	–	(126,680)	208,456
294,796	268,405	20,236	20,272	13,481	15,418	–	–	1,965,256	2,062,078
237	121	–	–	–	–	–	–	1,976	2,395
295,033	268,526	**20,236**	20,272	**13,481**	15,418	–	–	**1,967,232**	2,064,473
6,823	3,054	–	–	–	–	–	–	26,043	3,054
–	12,365	–	–	–	–	–	–	21,514	25,574
301,856	283,945	**20,236**	20,272	**13,481**	15,418	–	–	**2,014,789**	2,093,101
3,925	12,863	555	1,095	111	27	–	–	18,120	26,237
								10,647	32,485
								2,043,556	2,151,823
2,526	4,134	280	4,626	1,111	1,164	656	4,582	87,550	112,139
								861,606	824,742
								949,156	936,881

4 Net rental income

	Gross rental income		Ground rents paid		Net service charge expenses		Operating expenses		Net rental income	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Netherlands	**50,463**	45,992	**(56)**	(55)	**(220)**	(38)	**(6,152)**	(5,551)	**44,035**	40,348
Spain	**33,490**	33,025	**(425)**	(410)	**(1,430)**	(1,042)	**(2,623)**	(1,975)	**29,012**	29,598
France	**25,914**	22,230	**(58)**	(56)	**(203)**	(590)	**(2,067)**	(1,603)	**23,586**	19,981
Belgium	**20,042**	17,633	**(18)**	(17)	**(187)**	(1,958)	**(1,485)**	(2,180)	**18,352**	13,478
Turkey	**994**	624	–	–	**(59)**	(12)	**(119)**	(125)	**816**	487
Portugal	**1,104**	1,073	–	–	–	–	**(49)**	(44)	**1,055**	1,029
	132,007	120,577	**(557)**	(538)	**(2,099)**	(3,640)	**(12,495)**	(11,478)	**116,856**	104,921

Ground rents paid	2008	2007
Attributable to leased properties	522	535
Attributable to vacant properties	35	3
	557	538

Net service charge expenses	2008	2007
Attributable to leased properties	340	1,168
Attributable to vacant properties	1,759	2,472
	2,099	3,640

Operating expenses	2008	2007
Attributable to leased properties	12,243	11,124
Attributable to vacant properties	252	354
	12,495	11,478

Operating expenses	2008	2007
Maintenance	2,665	2,429
Administrative and commercial management [1]	5,280	4,823
Insurance	518	431
Property tax and such	1,423	1,576
Letting costs	530	626
Other operating expenses	2,079	1,593
	12,495	11,478

Other operating expenses includes inter alia the allocation to the provision for doubtful debtors.

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

5 Value movements investment properties

	2008			2007		
	Positive	Negative	Total	Positive	Negative	Total
Investment properties in operation	31,638	(158,318)	(126,680)	237,509	(29,053)	208,456
Investment properties under renovation	6,547	(3,234)	3,313	–	(502)	(502)
Investment properties in pipeline	7,135	(6,408)	727	–	–	–
	45,320	**(167,960)**	**(122,640)**	237,509	(29,555)	207,954

6 Net result on disposals of investment properties

	2008	2007
Sales price	58,405	23,545
Book value at time of disposal	(57,041)	(24,875)
	1,364	(1,330)
Sales costs	(532)	(2,449)
	832	(3,779)
Adjustment result on disposal of the German property portfolio	–	(2,461)
Other	114	(215)
	946	(6,455)

7 Net financing costs

Interest income	2008	2007
Bank accounts and short-term deposits	(167)	(36)
Other interest receivable	(169)	(69)
Capitalised financing costs	(1,841)	(1,050)
	(2,177)	(1,155)

Interest expense	2008	2007
Long-term interest-bearing loans	30,129	22,910
Short-term credits and cash loans	10,425	7,486
Other interest payable	470	552
	41,024	30,948
Total interest expense	38,847	29,793
Value movements financial derivatives	461	–
Exchange rate differences	(8)	(27)
	39,300	29,766

8 General expenses

	2008	2007
Personnel costs	7,216	6,613
Remuneration supervisory board	107	119
Consultancy and audit costs	1,603	1,264
Appraisal costs	1,066	812
Accommodation and office costs	1,731	1,531
Costs of offering process	2,382	–
Other expenses	812	1,071
	14,917	11,410
Attributed to operating expenses	(4,689)	(3,670)
	10,228	7,740

During 2008, on average 104 (2007: 98) employees (full-time equivalents) were employed by VastNed Retail and VastNed Offices/Industrial jointly, of whom 48 in the Netherlands and 56 abroad.
Personnel costs of the employees working in the Netherlands are attributed to VastNed Retail based on actual work done. VastNed Retail has no employees.
In the year under review, VastNed Retail accounted for: wages and salaries € 7.2 million (2007: € 6.4 million), social security charges € 1.0 million (2007: € 0.8 million) and pension premiums € 0.5 million (2007: € 0.7 million). After allocation to VastNed Offices/Industrial, the following amounts remain: wages and salaries € 5.1 million (2007: € 4.5 million), social security charges € 0.8 million (2007: € 0.7 million) and pension premiums € 0.3 million (2007: € 0.4 million).

Consultancy and audit costs include an amount of € 0.4 million of which € 0.2 million relates to Deloitte Accountants B.V. (2007: € 0.3 million) for audit costs. These costs concern virtually all the costs of the audit of the annual accounts, as well as the audit costs of the statutory annual accounts of subsidiaries. The external auditor performed virtually no separate consultancy commissions in 2007 and 2008.

Costs of offering process include advisory costs and bonuses with respect to the offering process on the shares of VastNed Retail in the beginning of 2008.

Other expenses include inter alia publicity costs and IT costs.

9 Income tax

Current income tax expense	2008	2007
Current financial year	1,724	1,175
Recognition offsettable losses	–	(1,561)
Adjustment previous financial years	18	(317)
	1,742	(703)

Movement deferred taxes	2008	2007
In respect of:		
Value movements investment properties	(12,289)	11,884
Change in tax rates	–	(34)
	(12,289)	11,850
Total income tax	**(10,547)**	11,147

Reconciliation of effective tax rate		2008		2007
Investment result before taxes		(54.366)		268.914
Income tax at domestic tax rate	0.0%	–	0.0%	–
Effect of tax rates of subsidiaries operating in other jurisdictions	(19.4%)	(10,565)	4.9%	13,025
Recognition offsettable losses	0.0%	–	(0.6%)	(1,561)
Adjustment previous financial years	0.0%	18	(0.1%)	(317)
	(19.4%)	**(10,547)**	4.2%	11,147

VastNed Retail qualifies as a fiscal investment institution as referred to in section 28 of the Netherlands Corporate Income Tax Act 1969. This implies that conditional on compliance with specific conditions, the company is exempted from the obligation to effectively pay corporate income tax. These conditions mainly concern the investment requirement, the fiscal financing ratios, the composition of the shareholders base and the cash dividend distribution of the fiscal result.

In Belgium the properties are held by the Bevak Intervest Retail. A Bevak materially has a tax-exempt status, so that no tax is payable on its profits. The requirements of the Bevak are comparable to those of the Dutch fiscal investment institution.

In France VastNed Retail is, to a large extent of its portfolio, subject to the SIIC regime since January 1, 2005. Under this regime, VastNed Retail is not liable for taxation on its French net rental income nor on capital gains realised locally. Certain aspects of the SIIC regime were amended on January 1, 2007. For further details on these amendments, please refer to the remarks under '29 Accounting estimates and judgements'.
The requirements of the SIIC regime are comparable to those of the Dutch fiscal investment institution.
Part of the French properties are held by taxable companies. The nominal tax rate is 34.43%. The taxable net income is reduced by depreciation and interest.
The major part of the French properties with respect to the acquisition of the Lille portfolio in 2007, that are held by taxable companies are planned to be put under the SIIC regime retro-actively as from January 1, 2009.

In Spain, Turkey and Portugal the properties are held by taxable companies. In Spain the nominal tax rate is 30.0%, in Turkey 20% and in Portugal 26.5%. The taxable net rental income realised in these countries is reduced by depreciation and interest. In Spain, when capital gains realised are reinvested in Spain within three years, 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 tax rates as effective on January 1, 2009.

10 Investment result per share

	2008		2007	
	Basic	Diluted	Basic	Diluted
Direct investment result	60,888	60,888	64,367	64,367
Indirect investment result	(111,942)	(111,942)	180,173	180,173
Investment result	**(51,054)**	**(51,054)**	244,540	244,540

Average number of ordinary shares in issue	2008		2007	
	Basic	Diluted	Basic	Diluted
Balance as at January 1	16,362,097	16,362,097	16,876,183	16,876,183
Effect of share buybacks	–	–	(183,612)	(183,612)
Effect of stock dividend	36,953	36,953	13,981	13,981
Average number of ordinary shares in issue	**16,399,050**	**16,399,050**	16,706,552	16,706,552
Per share (x € 1):				
Direct investment result before costs of offering process	3.85	3.85	3.85	3.85
Costs of offering process	(0.14)	(0.14)	–	–
Direct investment result after costs of offering process	3.71	3.71	3.85	3.85
Indirect investment result	(6.82)	(6.82)	10.79	10.79
Investment result	**(3.11)**	**(3.11)**	14.64	14.64

11 Dividend

VastNed Retail's dividend policy is aimed at distributing the direct investment result to shareholders in full. It was decided to exclude the one off costs of the offering process from the direct investment result. Based on this the adjusted direct investment result amounted to € 3.85 per share.

On May 2, 2008, the final dividend for the 2007 financial year was made payable, consisting of 5% in cash on the priority shares and an optional dividend on the ordinary shares of € 2.73 in cash or € 1.35 in cash and 2.13% in shares charged to the share premium reserve. This dividend payment totalled € 41.1 million.

On September 1, 2008, the interim dividend for the 2008 financial year was made payable. The interim dividend amounted to € 1.17 per share in cash (total payout: € 19.2 million). The board of management proposes the following final dividend for the 2008 financial year:
- 5% in cash on the priority shares;
- an optional dividend on the ordinary shares of:
  - € 0.85 in cash plus a percentage in shares yet to be determined, depending on the share price, charged to the share premium reserve, or
  - € 2.68 in cash.

If the general meeting of shareholders approves the dividend proposal, the dividend will be made payable to shareholders on May 4, 2009. The dividend to be distributed has not been entered in the balance sheet as a liability.

12 Investment properties

Investment properties in operation and under renovation	2008			2007		
	In operation	Under renovation	Total	In operation	Under renovation	Total
Balance as at January 1	2,062,078	3,054	2,065,132	1,706,337	3,054	1,709,391
Acquisitions	9,013	–	9,013	166,690	–	166,690
Capital expenditure	5,968	1,955	7,923	6,586	502	7,088
Taken into operation	108,725	–	108,725	–	–	–
Transferred to investment properties under renovation	(17,721)	17,721	–	–	–	–
Transferred to investment properties in pipeline	(19,500)	–	(19,500)	–	–	–
Disposals	(57,041)	–	(57,041)	(24,875)	–	(24,875)
	2,091,522	22,730	2,114,252	1,854,738	3,556	1,858,294
Value movements	(126,680)	3,313	(123,367)	208,456	(502)	207,954
Exchange rate differences	414	–	414	(1,116)	–	(1,116)
Balance as at December 31	1,965,256	26,043	1,991,299	2,062,078	3,054	2,065,132
Other assets in respect of lease incentives	1,976	–	1,976	2,395	–	2,395
Appraisal value as at December 31	**1,967,232**	**26,043**	**1,993,275**	2,064,473	3,054	2,067,527

87% of the investment properties in operation and under renovation were appraised by independent certified appraisers as per December 31, 2008. The remaining properties were appraised earlier in the financial year by independent certified appraisers. As per December 31, the fair value of these properties is determined internally.

Properties to a value of € 522.3 million (2007: € 694.2 million) serve as security for loans contracted (see also '19 Long-term interest-bearing loans').

For further details on the investment properties in operation and under renovation, reference is made to the overview 'Property portfolio 2008' included elsewhere in this annual report.

Investment properties in pipeline	2008	2007
Balance as at January 1	25,574	18,054
Acquisitions and development expenditure	82,643	7,520
Transferred from investment properties in operation	19,500	–
Taken into operation	(108,725)	–
	18,992	25,574
Value movements [1]	2,522	–
Balance as at December 31	**21,514**	25,574

1 As at December 31 2008, the market value of the investment properties in pipeline was determined internally. These valuations led to the recognition of an impairment loss of € 4.6 million. At the same time an additional impairment loss of € 1.8 million was recognized relating to the effect of the valuation of the commitments with respect to the future acquisitions of Wisselplein in Lelystad, shopping centre 'Hoog Ambacht' in Hendrik-Ido-Ambacht and Onderdoor 4 in Houten. This provision is included in 'Investment creditors' under 'Other liabilities and accruals'. The impairment losses totalling € 6.4 million have been included in the line item 'Value movements investment properties in pipeline' in the consolidated profit and loss account.

For further details on the investment properties in pipeline, reference is made to the overview 'Property portfolio 2008' included elsewhere in this annual report.

For further details on the committed investment properties in pipeline reference is made to '25 Rights and obligations not recorded in the balancesheet'.

13 Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off deferred tax assets and liabilities against each other and when the deferred tax assets and liabilities concern the same tax regime.

The movements of deferred tax assets and liabilities were as follows:

	2008		2007	
	Assets	Liabilities	Assets	Liabilities
Balance as at January 1	2,422	57,669	–	43,076
Net credit/charge to the profit and loss account	104	(12,393)	2,422	12,783
Net credit/charge to equity	–	(4,471)	–	1,390
Acquisition of subsidiaries	–	–	–	12,320
Transferred to long–term tax liabilities in connection with obtaining SIIC status	–	–	–	(11,919)
Transferred to short–term tax liabilities in connection with merger	–	(306)	–	–
Offsettable losses used	(1,308)	–	–	–
Exchange rate differences	–	(39)	–	19
Balance as at December 31	**1,218**	**40,460**	2,422	57,669

The deferred tax assets and liabilities as per December 31, 2008 concern the Netherlands, Spain, Turkey and Portugal.

The deferred tax assets concern offsettable losses which must be set off before 2017. The deferred tax liabilities are related to the difference between the market value and the fiscal book value of the property investments.

As at balance sheet date, unused tax losses totalled € 5.1 million. In view of the expectation that based on the present structure these unused tax losses cannot be set off against taxable profits in the near future, no deferred tax asset is recognised.

14 Debtors and other receivables

	2008	2007
Debtors	5,790	6,153
Provision for doubtful debtors	(2,822)	(2,434)
	2,968	3,719
Taxes	2,338	4,791
Receivable from disposals	6,116	11,568
Interest	630	72
Service charges	560	629
Prepayments	1,228	2,499
Other receivables	7,341	6,151
	21,181	29,429

The item 'Receivable from disposals' concerns the disposal of the properties Zwanestraat 41-43 in Groningen and Schoolstraat 98-100 in Veenendaal, both in the Netherlands, and apartments in Vilvoorde, Belgium. The properties in the Netherlands were transferred in January and February 2009, at which the related receivable was collected.

Under receivables, items have been entered with a term in excess of one year totalling € 0.2 million (2007: € 0.2 million).

15 Cash and cash equivalents

Cash and cash equivalents concern deposits, call money and bank account credit balances with a duration 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 reputed 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 December 31 was as follows:

	2008		2007	
	Gross amounts	Provision	Gross amounts	Provision
Overdue by less than 30 days	1,680	27	2,509	7
Overdue by between 31 days and 90 days	1,288	434	893	143
Overdue by between 91 days and one year	1,483	1,191	1,045	642
Overdue by more than one year	1,339	1,170	1,706	1,642
	5,790	**2,822**	6,153	2,434

Movements in the provision for doubtful debtors were as follows:

	2008	2007
Balance as at January 1	2,434	2,083
Acquisition of subsidiaries	105	3
Allocation to the provision	2,137	1,343
Write-off for bad debts	(1,260)	(567)
Release	(594)	(428)
Balance as at December 31	**2,822**	2,434

Receivables are recognised less a provision for bad debts.

Since the tenant base consists of a large number of different parties, there is no credit risk concentration.

17 Equity

	Capital paid-up and called	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, 2007	84,516	435,706	3,119	–	281,500	172,872	977,713	70,368	1,048,081
Share buyback	–	(30,653)	–	–	–	–	(30,653)	–	(30,653)
Cancellation own shares	(135)	135	–	–	–	–	–	–	–
Investment result	–	–	–	–	–	244,540	244,540	13,227	257,767
Costs of stock dividend	–	(7)	–	–	–	–	(7)	–	(7)
Final dividend previous financial year in cash	–	–	–	–	–	(42,297)	(42,297)	–	(42,297)
Interim dividend 2007 in cash	–	–	–	–	(18,885)	–	(18,885)	–	(18,885)
Dividend paid to minority interests	–	–	–	–	–	–	–	(4,525)	(4,525)
Contribution from profit appropriation	–	–	–	–	130,575	(130,575)	–	–	–
Value movements financial derivatives	–	–	5,352	–	–	–	5,352	43	5,395
Translation differences net investments	–	–	–	66	–	–	66	–	66
Balance as at December 31, 2007	**84,381**	**405,181**	**8,471**	**66**	**393,190**	**244,540**	**1,135,829**	**79,113**	**1,214,942**
Capital contributions to subsidiaries	–	–	–	–	–	–	–	14,573	14,573
Cancellation own shares	(2,571)	2,571	–	–	–	–	–	–	–
Investment result	–	–	–	–	–	(51,054)	(51,054)	7,235	(43,819)
Stock dividend	278	(278)	–	–	–	–	–	–	–
Costs of stock dividend	–	(14)	–	–	–	–	(14)	–	(14)
Final dividend previous financial year in cash	–	–	–	–	–	(41,073)	(41,073)	–	(41,073)
Interim dividend 2008 in cash	–	–	–	–	(19,209)	–	(19,209)	–	(19,209)
Dividend paid to minority interests	–	–	–	–	–	–	–	(3,853)	(3,853)
Contribution from profit appropriation	–	–	–	–	203,467	(203,467)	–	–	–
Value movements financial derivatives	–	–	(26,335)	–	–	–	(26,335)	(838)	(27,173)
Translation differences net investments	–	–	–	10	–	–	10	–	10
Other movements	–	–	–	–	16	–	16	–	16
Balance as at December 31, 2008	**82,088**	**407,460**	**(17,864)**	**76**	**577,464**	**(51,054)**	**998,170**	**96,230**	**1,094,400**

The authorized share capital is € 375.0 million and is divided into 74,999,990 ordinary shares of € 5 par value and 10 priority shares of € 5 par value.

Equity VastNed Retail shareholders was € 60.80 per share as at December 31 (December 31, 2007: € 69.42 per share).

EPRA triple net asset value

Diluted EPRA net asset value represents the fair value of equity on a long-term basis. Items that have no long-term impact on the company, such as fair value of derivatives and deferred taxes on property fair value, are therefore excluded.

Diluted EPRA triple net asset value represents the fair value of equity and includes fair value adjustments of all material balance sheet items which are not reported as part of the net asset value in the IFRS balance sheet.

	31-12-2008		31-12-2007	
		Per share		Per share
Equity VastNed Retail shareholders	998,170	60.80	1,135,829	69.42
Fair value adjustment investment properties in pipeline	–	–	25,000	1.53
Fair value of financial instruments	17,864	1.09	(8,471)	(0.52)
Deferred tax	39,242	2.39	55,163	3.37
Diluted EPRA net asset value	**1,055,276**	**64.28**	1,207,521	73.80
Fair value of financial instruments	(17,864)	(1.09)	8,471	0.52
Fair value of debt [1]	(940)	(0.06)	(344)	(0.02)
Deferred tax	(20,459)	(1.25)	(27,885)	(1.70)
Diluted EPRA triple net asset value	**1,016,013**	**61.88**	1,187,763	72.60

Number of shares in issue	2008		2007	
	Ordinary shares	Priority shares	Ordinary shares	Priority shares
Balance as at January 1	16,362,097	10	16,876,183	10
Share buyback	–	–	(535,000)	–
Stock dividend	55,429	–	20,914	–
Balance as at December 31	**16,417,526**	**10**	16,362,097	10

The holders of ordinary shares are entitled to receive the dividend declared by the company and are entitled to cast one vote per share at the shareholders' meetings. In case of a share buyback by VastNed Retail, these rights are suspended until such time when the shares are reissued.

The company's articles of association confer special controlling rights on the priority shares. The priority shares have been placed on par with the Stichting Prioriteit VastNed Retail. The objective of this foundation is to acquire ownership of the priority shares in the company and to exercise all rights vested in such shares, including the voting right, the receipt of dividend and other distributions and all that which is related thereto in the broadest sense. The board of management of the Stichting Prioriteit VastNed Retail consists of the members of the board of management and of the supervisory board of VastNed Retail. They are the directors A and directors B respectively of the Stichting Prioriteit VastNed Retail. Directors A are not entitled by the articles of association to cast more votes than directors B. Thus, the requirements of appendix X, article 10 of the Stock Exchange Regulations are complied with.

In 2008, the company cancelled the 514.086 shares bought back in 2007.

1 In the calculation of the market value, only the difference with the interest rate curve was taken into account. The effect of increased credit spreads is not included based on the fact that in the current financial market, credit spreads are difficult to determine.

18 Provisions in respect of employee benefits

On behalf of its employees in the Netherlands, the VastNed Group has pension plans in place which qualify as defined benefit pension plans. The pension plans for the employees in other countries where the VastNed Group has branches can be qualified as defined contribution pension plans.

The external actuary has made the following assumptions for the actuarial calculations:

	31-12-2008	31-12-2007
Discount rate	**5.70%**	5.50%
Expected return on plan assets	**5.70%**	5.50%
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%

	2008	2007	2006	2005	2004
Present value of defined benefit pension obligations	**9,977**	10,337	10,845	10,709	9,386
Fair value of plan assets	**(8,083)**	(8,874)	(9,546)	(7,983)	(7,408)
	1,894	1,463	1,299	2,726	1,978
Unrecognised actuarial losses	**(779)**	330	180	(1,322)	(773)
Obligations in respect of employee benefits	**1,115**	1,793	1,479	1,404	1,205
Long-term employee benefits	**121**	122	96	90	72
	1,236	**1,915**	**1,575**	**1,494**	**1,277**

Movements in the provisions were as follows:

	2008	2007
Balance as at January 1	**1,915**	1,575
Contribution charged to the profit and loss account	**523**	629
Contributions paid (on balance)	**(1,201)**	(314)
Movement provision long-term employee benefits	**(1)**	25
Balance as at December 31	**1,236**	**1,915**

Amounts recognised under general expenses in the profit and loss account in respect of the defined benefit plan are as follows:

	2008	2007
Employer service cost	**469**	580
Interest	**547**	482
Expected return on plan assets	**(493)**	(434)
Actuarial losses recognised in the year	**–**	1
	523	629

The VastNed Group expects to contribute a total of € 0.5 million to the defined benefit pension plans in 2009. An amount of less than € 0.1 million was recognised in the profit and loss account in 2008 in respect of defined contribution plans (2007: less than € 0.1 million).

19 Long-term interest-bearing loans

	2008				2007			
	Remaining term				Remaining term			
	2-5 years	More than 5 years	Total	Average interest rate at year-end	2-5 years	More than 5 years	Total	Average interest rate at year-end
Secured loans:								
fixed interest [1]	175,057	20,696	195,753	4.54	175,372	21,923	197,295	4.54
floating interest	–	–	–	–	–	–	–	–
	175,057	**20,696**	**195,753**	**4.54**	175,372	21,923	197,295	4.54
Unsecured loans:								
fixed interest [1]	193,511	142,841	336,352	4.91	26,413	243,330	269,743	4.66
floating interest	14,862	63,489	78,351	4.32	25,175	45,879	71,054	5.19
	208,373	**206,330**	**414,703**	**4.80**	51,588	289,209	340,797	4.77
Total:								
fixed interest [1]	368,568	163,537	532,105	4.77	201,785	265,253	467,038	4.61
floating interest	14,862	63,489	78,351	4.32	25,175	45,879	71,054	5.19
	383,430	**227,026**	**610,456**	**4.71**	226,960	311,132	538,092	4.68

The partial right of mortgage has been granted as security for the secured loans on property with a value of € 522.3 million (2007: € 694.2 million).
For the unsecured loans a positive/negative mortgage covenant has been issued.
A number of lenders has set conditions regarding the solvency and interest coverage of the company and/or its subsidiaries. As at December 31, 2008 VastNed Retail complied with these conditions.

The part of the long-term interest-bearing loans due within one year of € 36.3 million (2007: € 71.7 million) is recognised under short-term liabilities.

The total credit facility of the long-term interest-bearing loans, including the part due within one year, as at December 31, 2008 was € 656.9 million (2007: € 613.2 million).
The unused credit facility of the long-term interest-bearing loans was € 10.2 million as at December 31, 2008 (2007: € 3.4 million).

The average duration of the long-term interest-bearing loans was 4.4 years (2007: 5.5 years).

The market value of the long-term interest-bearing loans is calculated as the present value of the cash flows based on the historical interest rate curve.

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

The market value as at December 31 of the long-term interest-bearing loans, including the part due within one year, based on the historical interest rate curve at year-end 2008 and year-end 2007 respectively, was as follows:

2008		2007	
Market value [1]	Carrying amount	Market value [1]	Carrying amount
647,701	**646,739**	610,253	609,827

The average interest rate in 2008 was 4.73% (2007: 4.66%).

20 Long-term tax liabilities

	2008	2007
Balance as at January 1	9,690	3,684
Short-term portion as at January 1	6,339	3,242
	16,029	6,926
Allocation	(1,065)	12,350
Payments	(3,595)	(3,247)
	11,369	16,029
Short-term portion as at December 31	(2,934)	(6,339)
Balance as at December 31	**8,435**	9,690

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

21 Guarantee deposits and other long-term liabilities

The guarantee deposits received from tenants were € 9.3 million (2007: € 9.5 million) as at December 31.
Other long-term liabilities included inter alia the long-term portion of the rent guarantee provided at the disposal of the German property portfolio in 2004.

Movements in this item were as follows:

	2008	2007
Balance as at January 1	396	3,878
Short-term portion as at January 1	4,186	3,717
	4,582	7,595
Adjustments rental guarantees provided	–	(168)
Interest	39	235
Payments	(3,965)	(3,080)
	656	4,582
Short-term portion as at December 31	(656)	(4,186)
Balance as at December 31	–	396

1 In the calculation of the market value, only the difference with the interest rate curve was taken into account. The effect of increased credit spreads is not included based on the fact that in the current financial market, credit spreads are difficult to determine.

22 Payable to banks

	2008	2007
Credit facility	285,545	225,545
Of which undrawn	(102,165)	(33,910)
Drawn as at December 31	**183,380**	191,635

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 property will only be mortgaged on behalf of third parties subject to the lender's approval.

Payable to banks is reclaimable at the lenders request within one year.

The average interest rate in 2008 was 4.99% (2007: 4.56%)

The market value of the 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 payable to banks are netted off.

23 Other liabilities and accruals

	2008	2007
Accounts payable	3,429	4,059
Investment creditors	5,122	5,496
Dividend	67	97
Taxes	967	1,993
Prepaid rent	7,134	7,163
Interest	4,812	4,430
Operating expenses	2,849	2,954
Short-term portion of the rental guarantees provided	656	4,186
Payable in respect of acquisitions	3,500	5,563
Other liabilities and accruals	6,065	10,298
	34,601	46,239

24 Financial instruments

a Financial risk management

For the realisation of its objectives and the exercise of its daily activities, the Group has defined a number of financial conditions to mitigate the (re)financing risk, liquidity risk, interest rate risk and currency risk. These conditions have been laid down inter alia in the annually updated financing and interest rate policy memorandum and in the treasury regulations. Quarterly reports on these risks are submitted to the audit committee. Below, a summary is presented of the main conditions aimed at mitigating these risks.

(Re)financing risks
Investing in property is a capital-intensive activity. The property portfolio is financed partly with equity and partly with loan capital. In case of a high ratio of loan capital financing, when returns are below expectations or the property decreases in value, there is a risk 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 attract, with a possibility that more unfavourable conditions have to be agreed to. To limit this risk, VastNed Retail's 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 credit agreements with banks.

In addition, VastNed Retail aims to secure access to the capital market through transparent information provision, regular contacts with financiers and (potential) shareholders, and by increasing the liquidity of the VastNed Retail share. Finally, with regard to long-term financing, a balanced spread of refinancing dates and a weighted average duration of at least 5.0 years are aimed for.

At year-end 2008, the solvency ratio, calculated by taking equity plus deferred tax liabilities divided by the balance sheet total, was 55.5%, which is in compliance with the solvency ratios agreed with banks.

The interest coverage ratio for 2008, calculated by taking net rental income less general expenses divided by net financing costs, amounted to 2.8, which was above the 2.0-2.5 ratios agreed with the lenders.

At year-end 2008, the weighted average duration of the long-term interest-bearing loans was 4.4 years.

Liquidity risk
VastNed Retail must generate sufficient cash flows in order to be able to meet its daily payment obligations. On the one hand this is realised by taking measures aimed at striving for a high occupancy rate of the property and by preventing bankruptcies of tenants. On the other hand, we aim for sufficient credit facilities to absorb fluctuations in liquidity needs. Liquidity management is centralised in the Netherlands, where the majority of foreign subsidiaries' bank accounts has been arranged in cash pool schemes.

At year-end 2008, VastNed Retail had € 285.5 million in short-term credit facilities available, of which it had drawn-down € 183.4 million.

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 rate expenses. This policy translates into a loan portfolio composition in which in principle at least two thirds of the loans has a fixed interest rate. Depending on the developments of the interest rate, this principle may be temporarily deviated from. Furthermore, within the long-term loan capital portfolio a balanced spread of the interest rate review dates and a typical minimum interest rate duration of 3 years are sought. At least once per quarter a report is prepared for the audit committee on the interest rate and refinancing risks.

VastNed Retail mitigates its interest rate risk by making use of financial derivatives (interest rate swaps), swapping the floating interest rate it pays on a part of its loans for a fixed interest rate.
The interest rate swaps (IRS) are designated as cash flow hedges, whereby it has been established that all hedges, except for one cash flow hedge, are materially effective. For these swaps hedge accounting has been applied, based on which value movements in these swaps are recognised directly in equity. The respective cash flow hedge which is not effective relates to an IRS where the interest for an amount of € 10.0 million has been fixed for a period of 5 years at a rate of 3.93%. This hedge is however callable by the counterparty, as a result of which the hedge is not materially effective and the value movement thereof is recognised directly in the profit and loss account.

Taking into account the materially effective cash flow hedges, the interest rate risk on loans with a nominal value of € 521.7 million was hedged at year-end 2008 by entering into (forward) interest rate swaps. In this context, contracts have been concluded with fixed interest rates ranging from 3.37% to 5.10% (excluding margins) and expiry dates ranging from 2010 through 2017.

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

The average duration in years of the long-term interest-bearing loans calculated in fixed interest periods was 5.0 (2007: 5.6).

All transactions involving financial derivatives are effected with reputed banks as counterparties. For this reason, it is unlikely that the counterparties should not be able to fulfil their obligations.

Interest rate sensitivity
As per December 31, 2008 the impact on the direct investment result of a (hypothetical) 100 basis points increase of the interest rates – all other factors remaining equal – would be € 2.8 million negative. Should interest rates decrease by 100 basis points as per this date, the impact on the direct investment result would be € 2.8 million positive. In the calculations account has been taken of the financial derivatives entered into.

Currency risk
In principle, currency risks are limited as a result of the strategic choice to invest primarily in the eurozone. In 2007 Turkey was added as an investment country. Turkey is not (yet) in the eurozone, so that there is a currency risk. The risk is mitigated by limiting the size of the Turkish property portfolio to a maximum of 10% of the total property portfolio and by stipulating in the lease contracts a rent in euros or US dollars, and by financing the investment (partly) in the same currency as the investment itself, which significantly lowers the exposure.

b Summary of expiry dates and fixed interest rates on long-term interest-bearing loans

	2008			2007		
	Contract renewal	Interest review	Average interest rate [1]	Contract renewal	Interest review	Average interest rate [1]
2008	–	–	–	–	42,500	4.12
2009	–	–	–	18,500	–	n/a
2010	50,143	35,143	4.81	35,521	35,521	4.81
2011	86,000	52,500	4.43	61,000	52,500	4.43
2012	119,667	88,508	4.76	99,980	88,539	4.76
2013	122,000	105,687	4.80	88,675	51,898	4.25
2014	163,497	109,805	4.91	163,221	109,782	4.92
2015 –	69,149	140,462	4.77	71,195	86,298	4.49
Total long-term interest-bearing loans with a fixed interest rate	610,456	532,105	4.77	538,092	467,038	4.61
Long-term interest-bearing loans with a floating interest rate	–	78,351	4.32	–	71,054	5.19
Total long-term interest-bearing loans	**610,456**	**610,456**	**4.71**	538,092	538,092	4.68

1 Interest rate swaps taken into account.

c Summary of market value interest rate derivatives

	2008		2007	
	Asset	Liability	Asset	Liability
Interest rate swaps	–	20,697	11,257	302
Forward interest rate swaps	–	–	334	–
	–	**20,697**	11,591	302

25 Rights and obligations not recorded in the balance sheet

A long-term alliance exists between VastNed Retail, VastNed Offices/Industrial and VastNed Management, as well as a long-term agreement for the allocation of expenses in which mutual rights and obligations are laid down. A further agreement provides for specific change of control clauses, including that if a public offer on VastNed Offices/Industrial is honoured, VastNed Retail will be compensated for the consequences of the interim termination of these contracts, and vice versa. At the end of 2007, certain points of this further agreement clarified by VastNed Retail, VastNed Offices/Industrial and VastNed Management. In this context, the compensation to be paid by VastNed Retail or VastNed Offices/industrial has been estimated at between € 10 million and € 25 million.

At the end of September 2006 a VAT inspection was started at the Belgian subsidiary Intervest Retail, concerning VAT deduction on the construction costs of the property Factory Shopping Messancy. The Belgian tax authorities imposed an additional assessment of € 2.1 million in total, which has been fully paid. Intervest Retail disputes the assessment and has included an asset for the full amount in the balance sheet. Due to the disposal of Factory Shopping Messancy at the end of January 2008, Intervest Retail must repay part of the deducted acquisition VAT to the Belgian tax authorities. Intervest Retail has included this amount in the financial statements based on the past VAT deduction. The repayment reduces any correction as a result of the inspection of the books to a maximum of € 0.8 million.

In 2007, VastNed Retail has signed a turnkey purchase agreement for the acquisition of a cinema and a catering unit in the extension of the shopping centre Het Rond in Houten, the Netherlands. Delivery is scheduled for late 2009. The investment is expected to total € 3.0 million. As at December 31, 2008 the market value was determined at € 2.8 million, resulting in an impairment loss of € 0.2 million.

In 2007, a turnkey agreement was signed with Fortis Vastgoed Ontwikkeling for the acquisition of part of the city centre development on Wisselplein in Lelystad, and the neighbourhood shopping centre 'Hoog Ambacht' in Hendrik-Ido-Ambacht.
The investment in Lelystad will total some € 21.8 million, and the investment in Hendrik-Ido-Ambacht some € 22.3 million. Delivery of the Wisselplein development and shopping centre 'Hoog Ambacht' is scheduled for the second half of 2009 and the first half of 2010 respectively. As at December 31, 2008, the market values of the properties were determined at € 20.4 million for Wisselplein and € 22.0 million for shopping centre 'Hoog Ambacht', resulting in impairment losses of € 1.4 million and € 0.3 million respectively.

Through its French subsidiary Val Thoiry S.A.R.L., VastNed Retail has concluded a purchase and construction agreement concerning the development of a retail warehouse.
The investment is expected to total approximately € 6.7 million, of which an amount of € 1.1 million has already been paid. Delivery is scheduled for the second half of 2009.
No impairment loss is expected for this investment.

26 Operating leases

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

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

	2008	2007
Within one year	120,943	115,009
One to five years	239,005	230,919
More than five years	44,777	52,286
	404,725	398,214

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 of the construction cost index, unless agreed otherwise.
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. Various methods are used for the annual indexation of leases; indexation of the leases concluded in Turkish lira is based on the cost-of-living index. The leases denominated in US dollars and euros are index-linked based on specific agreements.
In Portugal there are two kinds of lease legislation. Under the old legislation leases were concluded for an indefinite period and may only be terminated by the tenant. The new legislation is comparable to that in Spain.

27 Related parties transactions

Related parties constitute: major 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 of year end 2008, the Authority for the Financial Markets has received the following reports from shareholders with an interest in the company exceeding five percent:

Stichting Pensioenfonds PGGM	21.08%
Nomura Asset Management Co. Ltd.	5.93%
Stichting Pensioenfonds ABP	5.04%

Subsidiaries
For an overview of major subsidiaries, please refer to '28 Subsidiaries' and the chapter 'Management and corporate governance' included elsewere in this annual report. Transactions as well as internal balances and income and expenditure between the company and its subsidiaries are eliminated in the consolidation and not commented upon.

The subsidiary VastNed Management has a cost allocation agreement with VastNed Retail and VastNed Offices/Industrial. Costs relating directly to the company or the property of the company or its subsidiaries are recognised directly there. Other costs that cannot be allocated directly are borne by VastNed Management and are charged on to VastNed Retail and VastNed Offices/Industrial based on causation without mark-up for profit.

Supervisory board members and members of the board of management

During the 2008 financial year 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.

Remuneration of the supervisory board and shareholding

	Remuneration 2008	Shareholding at year-end 2008
W.J. Kolff	30	–
N.J. Westdijk	27	–
J.B.J.M. Hunfeld	25	–
P.M. Verboom	25	–
	107	–

In 2008, Mr Westdijk received a remuneration of € 12 thousand for his role as a member of the transaction team regarding the offering process on VastNed Retail.

Remuneration of the statutory directors and shareholding

	Salaries (including social security charges)	Bonus for 2007 paid in 2008	Bonus related to the investment result for 2007 paid in 2008	Offering process bonus	Pension premiums	Total	Shareholding at year-end 2008
R.A. van Gerrevink	451	43	75	51	98	718	2,405
T.M. de Witte	222	20	37	25	23	327	1,067
J. Pars (until January 1, 2009)	266	20	37	30	33	386	1,067
	939	83	149	106	154	1,431	4,539
Of which allocated to VastNed Offices/Industrial	(445)	(38)	–	(106)	(71)	(660)	
	494	**45**	**149**	–	**83**	**771**	

In previous years, Mr Van Gerrevink acquired 271 VastNed Retail shares for his own account. The remainder concern shares granted in respect of the bonuses related to the investment results for 2006 and 2007. Messrs De Witte's and Pars' shares were granted in respect of the bonuses related to the investment results for 2006 and 2007. VastNed Retail has not provided any guarantees with regard to these shares.

The bonuses related to the investment results for 2006 and 2007, that were paid in 2007 and 2008 respectively, have been granted conditionally. The bonuses related to the 2006 investment result will become definitive after the 2008 financial year, provided that the direct investment result for the 2008 financial year is not lower than the direct investment result for the 2006 financial year. This condition has been met. The bonuses related to the 2007 investment result will become definitive after the 2009 financial year, provided that the direct investment result for the 2009 financial year is not lower than the direct investment result for the 2007 financial year.

No option rights have been granted to the statutory directors nor to the supervisory board members. Nor have any loans, advances or guarantees been provided on their behalf.

For further details of the remuneration, please refer to the chapter 'Remuneration report 2008' included elsewere in this annual report.

28 Subsidiaries

The most important subsidiaries are:

	Established in	Interest and voting right in %
VastNed Retail Nederland B.V.	The Netherlands	100
– C.V. Winkelcentrum Het Rond	The Netherlands	50
Het Rond Houten B.V.	The Netherlands	50
VastNed Retail Monumenten B.V.	The Netherlands	100
VastNed Management B.V.	The Netherlands	67
Foram International Holdings B.V.	The 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
– – S.C.I. des Hauts de l'Epinette	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. FDHF	France	100
– – S.A.R.L. Setrimmo	France	100
– Parivolis S.A.R.L.	France	100
– Plaisimmo S.A.R.L.	France	100
– Val Thoiry 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 which have a material effect on the amounts included in the annual accounts.

Key sources of estimation uncertainty
Assumption concerning pending legal proceedings
Under '25 Rights and obligations not recorded in the balance sheet' the most important pending legal proceedings have been set out. 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 are valued at least once a year by independent certified appraisers. These

valuations are based on assumptions including estimated rental value of the investment property, net rental income, future capital expenditures and the net market yield of the property. The appraisers also make reference to market evidence of transaction prices for comparable investment properties. The credit crisis has led to a significant lower number of transactions many of which may be classified as enforced transactions. This has caused appraisers to even more carefully examine the limited number of transactions as well as cancelled transactions. Furthermore appraisers emphasize other instruments such as discounted cash flow parameters in their determination of the value of the property.

Assumptions concerning investment properties in pipeline
Investment properties in pipeline are valued at cost less any cumulative impairment losses. The investment properties in pipeline are valued internally as well as externally. The valuations are based on assumptions including expected estimated rental value of the investment property in pipeline, future capital expenditures and the net market yield for the property. There is a possibility that the actual outcome may differ from the assumptions, which might have a positive or negative effect on the value of the investment properties in pipeline and as a consequence on the investment result.

Assumptions concerning pensions
The board 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 2009.

Deferred tax liabilities
If the possibility exists of effecting the disposal of property through the disposal of shares in a (taxable) company which has ownership of the respective property, 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 of the sale price of the shares, whereby (usually) 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 must 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 liabilities in respect of the Turkish and Portuguese property. If these deferred tax liabilities were valued at 100% of the nominal tax rate, the effect on equity as at December 31, 2008 would be € 1.7 million negative.

Deferred tax liabilities in Spain
The nominal tax rate in Spain is 30%. However, when a capital gain realised from a disposal is reinvested in Spain within three years, income tax paid on the capital gain realised from the sale is refunded. 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 in the determination of the deferred tax liability. If these deferred tax liabilities were valued at the 30% tax rate instead of the 18% tax rate, the effect on equity as per December 31, 2008 would amount to € 27.2 million negative.

Adjustments SIIC regime in France
Since January 1, 2005 the greater part of the investment properties in France is held by companies for which the effectively tax-exempt SIIC regime has been chosen. VastNed Retail is planning to bring the in 2007 acquired Lille portfolio under the SIIC regime as of January 1, 2009. The SIIC regime includes tax exemption for revenues from the operation and results on disposal of property.
Certain aspects of the SIIC regimes have been adjusted effective from January 1, 2007 in order to prevent abuse (SIIC4). The French tax office has introduced additional requirements regarding the shareholder base and a punitive levy (prélèvement) on

certain distributions by SIICs. VastNed Retail complies with the stricter shareholder requirements. The prélèvement is a levy of French company tax of 20% at the level of the publicly listed SIIC (VastNed Retail N.V.) to the extent that as from July 1, 2007 distributions are made to shareholders who generally are not subject to French corporate income tax or a comparable levy and who hold, directly or indirectly, at least 10% of the shares of the SIIC. Due to the interest of the Stichting Pensioenfonds PGGM (21.08%), VastNed Retail strictly comes under the scope of the prélèvement.
This might affect the tax burden on future profits to be distributed from France. It is presently unclear whether the French legislator specifically had the position of the Dutch fiscal investment institution in mind in the creation of SIIC4 and whether the prélèvement conflicts with the existing French-Dutch tax treaty.
In view of these uncertainties, and given the fact that no distribution obligation exists as yet at the level of the publicly listed SIIC yet, any consequences of this levy have not been recognised in the annual accounts.

30 Total expense ratio

The total expense ratio for 2008 was 2.32% (2007: 3.16%).

The total expense ratio is calculated by dividing the total costs for the reporting period by the average equity VastNed Retail shareholders. The total costs include net service charge expenses, operating expenses, general expenses and income tax. These costs are corrected for the share of these costs attributable to third parties.

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 March 6, 2009.

Company balance sheet as at December 31

(x € 1,000)

	2008	2007
Assets		
Investment properties in operation	14,474	661,821
Other assets in respect of lease incentives	6	629
	14,480	662,450
Investment properties in pipeline	–	7,559
Total investment properties	14,480	670,009
Participations in group companies	1,214,315	615,379
Financial derivatives	–	1,272
Total fixed assets	**1,228,795**	1,286,660
Group companies	91,574	104,208
Debtors and other receivables	815	5,493
Income tax	560	7
Cash and cash equivalents	1,136	28
Total current assets	**94,085**	109,736
Total assets	**1,322,880**	1,396,396
Equity and liabilities		
Capital paid-up and called	82,088	84,381
Share premium reserve	407,460	405,181
Hedging reserve in respect of financial derivatives	(17,864)	8,471
Translation reserve	76	66
Revaluation reserve	575,507	677,464
Other reserves	1,957	(284,274)
Investment result attributable to VastNed Retail shareholders	(51,054)	244,540
Equity VastNed Retail shareholders	**998,170**	1,135,829
Long-term interest-bearing loans	129,876	85,257
Financial derivatives	4,793	–
Guarantee deposits and other long-term liabilities	172	1,040
Total long-term liabilities	**134,841**	86,297
Payable to banks	162,450	130,110
Redemption long-term liabilities	24,504	24,883
Group companies	–	750
Income tax	12	12
Other liabilities and accruals	2,903	18,515
Total short-term liabilities	**189,869**	174,270
Total equity and liabilities	**1,322,880**	1,396,396

Company profit and loss account
(x € 1,000)

	2008	2007
Company result	68,183	107,218
Result from participations in group companies	(119,237)	137,322
Investment result	**(51,054)**	244,540

Notes to the company annual accounts

General

The company profit and loss account has been rendered in abbreviated form pursuant to Section 402 of Book 2 of the Netherlands Civil Code.
The company annual accounts are part of the 2008 annual accounts, which also include the consolidated annual accounts.
The company has availed itself of the provisions of Section 379(5) of Book 2 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 Section 403 of Book 2 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 Section 362(8) of Book 2 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 thereto.
The participating interests in group companies have been stated at net asset value.

Rights and obligations not recorded in the balance sheet

The company heads a fiscal unity for the purposes of corporate income tax and value added tax, and is consequently jointly and severally liable for the tax liabilities of the fiscal unities as a whole.

Investment properties

	2008			2007		
	In operation	In pipeline	Total	In operation	In pipeline	Total
Balance as at January 1	661,821	7,559	669,380	573,881	3,114	576,995
Acquisitions	5,653	–	5,653	15,189	4,193	19,382
Capital expenditure	1,673	52,354	54,027	3,006	252	3,258
Taken into operation	56,545	(56,545)	–	–	–	–
Disposals	(728,551)	(4,227)	(732,778)	(6,293)	–	(6,293)
	(2,859)	(859)	(3,718)	585,783	7,559	593,342
Value movements	17,333	859	18,192	76,038	–	76,038
Balance as at December 31	14,474	–	14,474	661,821	7,559	669,380
Other assets in respect of lease incentives	6	–	6	629	–	629
Appraisal value as at December 31	**14,480**	–	**14,480**	662,450	7,559	670,009

Participations in group companies	2008	2007
Balance as at January 1	615,379	484,458
Acquisition and expansion of interest	–	47
Legal split-off	747,170	–
Share in investment result	(119,237)	137,322
Payments received	(8,777)	(12,262)
Other movements	(20,220)	5,814
Balance as at December 31	**1,214,315**	615,379

On November 27, 2008 a legal split-off was executed whereby the Dutch property portfolio and VastNed Retail's share in the limited partnership Winkelcentrum Het Rond were transferred to the newly incorporated subsidiary VastNed Retail Nederland B.V.

As per December 31, VastNed Retail held 3,675,960 Intervest Retail shares (December 31, 2007: 3,675,960 shares), whose net asset value per share as at December 31 was € 34.20 (December 31, 2007: € 32.17 per share). The share price of Intervest Retail shares was € 28.49 per share as per December 31 (December 31, 2007: € 32.80 per share).

Equity

	Capital paid-up and called	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 January 1, 2007	84,516	435,706	3,119	–	472,440	(190,940)	172,872	977,713
Share buyback	–	(30,653)	–	–	–	–	–	(30,653)
Cancellation own shares	(135)	135	–	–	–	–	–	–
Investment result	–	–	–	–	–	–	244,540	244,540
Costs of stock dividend	–	(7)	–	–	–	–	–	(7)
Final dividend previous financial year in cash	–	–	–	–	–	–	(42,297)	(42,297)
Interim dividend 2007 in cash	–	–	–	–	–	(18,885)	–	(18,885)
Contribution from profit appropriation	–	–	–	–	–	130,575	(130,575)	–
Value movements financial derivatives	–	–	5,352	–	–	–	–	5,352
Allocation to revaluation reserve	–	–	–	–	205,024	(205,024)	–	–
Translation differences net investments	–	–	–	66	–	–	–	66
Balance as at December 31, 2007	84,381	405,181	8,471	66	677,464	(284,274)	244,540	1,135,829
Cancellation own shares	(2,571)	2,571	–	–	–	–	–	–
Investment result	–	–	–	–	–	–	(51,054)	(51,054)
Stock dividend	278	(278)	–	–	–	–	–	–
Costs of stock dividend	–	(14)	–	–	–	–	–	(14)
Final dividend previous financial year in cash	–	–	–	–	–	–	(41,073)	(41,073)
Interim dividend 2008 in cash	–	–	–	–	–	(19,209)	–	(19,209)
Contribution from profit appropriation	–	–	–	–	–	203,467	(203,467)	–
Value movements financial derivatives	–	–	(26,335)	–	–	–	–	(26,335)
Allocation to revaluation reserve	–	–	–	–	(101,957)	101,957	–	–
Translation differences net investments	–	–	–	10	–	–	–	10
Other movements	–	–	–	–	–	16	–	16
Balance as at December 31, 2008	**82,088**	**407,460**	**(17,864)**	**76**	**575,507**	**1,957**	**(51,054)**	**998,170**

The authorized share capital is € 375.0 million and is divided into 74,999,990 ordinary shares of € 5 par value and 10 priority shares of € 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 March 6, 2009.

Other information

Special controlling rights

The company's articles of association confer special controlling rights on the priority shares. The priority shares have been placed on par with the Stichting Prioriteit VastNed Retail. The objective of this foundation is to acquire ownership of the priority shares in the company and to exercise all rights vested in such shares, including the voting right, the receipt of dividend and other distributions and all that which is related thereto in the broadest sense. The board of management of the Stichting Prioriteit VastNed Retail consists of the members of the board of management and of the supervisory board of VastNed Retail. They are the directors A and directors B respectively of the Stichting Prioriteit VastNed Retail. Directors A are not entitled by the articles of association to cast more votes than directors B.

Profit distribution

The company's articles of association stipulate that a dividend is paid out on the priority shares of 5% of the nominal amount. The remaining profit is placed at the disposal of the general meeting of shareholders. The company may only make distributions to shareholders insofar as equity VastNed Retail shareholders exceeds the sum of the capital paid-up and called augmented by the reserves required by law to be maintained. In order to retain its fiscal status of an investment institution, the company must distribute the taxable profit, after making permitted reservations, within eight months after the end of the reporting year.

Profit appropriation

The board of management proposes to distribute the investment result before the costs of the offering process as follows (x € 1,000):

Investment result attributable to VastNed Retail shareholders	(51,054)
Costs of offering process	2,382
	(48,672)
Allocation of indirect investment result to reserves	111,942
Available for dividend payment	63,270
Distributed earlier as interim dividend	(19,209)
Available for final dividend payment	**44,061**

The board of management proposes to distribute the final dividend as follows:

- 5% in cash on the priority shares;
- an optional dividend on the ordinary shares of:
  - € 0.85 in cash plus a percentage in shares yet to be determined, depending on the share price, charged to the share premium reserve; or
  - € 2.68 in cash;

and to add the remainder of the distributable profit to the other reserves. Shareholders opting for distribution in cash plus shares must ensure that this is effected prior to April 25, 2009. As from this date, they can only claim the cash dividend within the parameters as laid down in the articles of association.

To the shareholders of VastNed Retail N.V.

Auditors' report

Report on the financial statements

We have audited the accompanying financial statements 2008 of VastNed Retail N.V., Rotterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2008, profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2008, the company profit and loss account for the year then ended and the notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the board of management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 December 31, 2008, and of its result and its cash flow 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 Netherlands 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 December 31, 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the board of management is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, March 6, 2009
Deloitte Accountants B.V.

H.H.H. Wieleman

Management and corporate governance

Introduction

A property investment fund can only produce sustainable flows of income and make balanced decisions e.g. in the field of acquisitions and disposals with solid management and clear rules about how the company should be governed. This chapter details the organisational and legal structure and the people who manage the company. In addition, VastNed Retail's corporate governance structure is described.

Organisational structure VastNed Group

VastNed Retail is a NYSE Euronext (Amsterdam and Paris) listed company which is part of the VastNed Group. The VastNed Group, which is not a legal entity in itself, consists of VastNed Retail, VastNed Offices/Industrial and their respective subsidiaries. Management, including asset management and property management of the Netherlands property portfolio, is conducted by VastNed Management. The shares in VastNed Management are held by VastNed Retail and VastNed Offices/Industrial. As a result of this joint management, cost benefits are realised and synergic knowledge exchange takes place.

Legal structure

As a listed investment company, VastNed Retail is a public company with limited liability founded under Dutch law. VastNed Retail has the status of an investment company with variable capital pursuant to Book 2, Section 76(a) of the Netherlands Civil Code. An investment company with variable capital is a public limited company

- which exclusively aims to invest its capital in such a way that the risks are spread, in order to let its shareholders share in the profits;
- whose board of management has the authority pursuant to the articles of association to issue, acquire and dispose of shares in its capital (share issues and share buybacks);
- whose shares, with the exception of shares to which the articles of association grant extraordinary rights of control in the company, are included in the price list of a stock exchange and;
- whose articles of association stipulate that the company is an investment company with variable capital.

VastNed Management

VastNed Management is the sole managing director of VastNed Retail. VastNed Management has no independent profit objective and has entered into an agreement with VastNed Retail and VastNed Offices/Industrial regarding distribution of costs (cost allocation agreement). Costs relating directly to either company or the property of that company or its subsidiaries are recognised directly there. Other costs that cannot be allocated directly are borne by VastNed Management and charged on to VastNed Retail and VastNed Offices/Industrial based on actual work done. This is assessed on an annual basis; during 2008 the ratio was 54%/46%. Two thirds of the shares in VastNed Management are held by VastNed Retail and one-third by VastNed Offices/Industrial. This ratio originates in the size of the property portfolios at the time of the conclusion of the cost allocation agreement in January 1996 and does not affect the results or the equity position of the two shareholders. The agreement has a ten-year term and has been extended by a period of five years, which started on January 1, 2006. A further agreement includes specific change of control clauses, meaning that in case of a public offer on VastNed Offices/ Industrial, VastNed Retail's performance is not affected and vice versa.

VastNed Management has a licence within the meaning of Article 2:25 sub 1 part a of the Netherlands Financial Supervision Act. Based on this licence, VastNed Management is authorised to conduct the management of VastNed Retail and VastNed Offices/Industrial.

VastNed Retail and its subsidiaries

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

VastNed Retail

VastNed Retail is a publicly listed company which, after the legal split-off executed on November 27, 2008 (see below under VastNed Retail Nederland), does not directly hold any properties with the exception of one high street shop in the Netherlands, soon to be transferred to VastNed Retail Nederland, and five French high street shops. It predominantly acts as a (inter)national holding company. VastNed Retail has the status of a fiscal investment institution in the Netherlands and is subject to the SIIC regime in France.

VastNed Retail Nederland

VastNed Retail Nederland is the major property company in the Netherlands holding 344 properties and a share in the limited partnership Winkelcentrum Het Rond. VastNed Retail Nederland acquired the Dutch property portfolio through a legal split-off which was executed on November 27, 2008 from VastNed Retail creating a clear division between the (international) holding activities on the one hand and the direct ownership of properties on the other. VastNed Retail Nederland is part of the Netherlands fiscal unity headed by VastNed Retail.

Winkelcentrum Het Rond

The limited partnership Winkelcentrum Het Rond holds VastNed Retail Nederland's investment in shopping centre Het Rond in Houten. As a limited partner, VastNed Retail Nederland holds a 49.5% interest in the profits of this limited partnership. Due to the transparent fiscal structure of this limited partnership, the income from this interest accrues to VastNed Retail Nederland and thus is subjected to the regime of the fiscal investment institution.

Het Rond Houten

Het Rond Houten, a 50% subsidiary of VastNed Retail, acts as managing partner of the limited partnership Winkelcentrum Het Rond. This company is entitled to 1% of the profits of this limited partnership. VastNed Management is one of the managing directors of Het Rond Houten and carries out the daily property management. VastNed Retail consolidates this subsidiary and the limited partnership fully and recognises the minority interest under equity. The 50% interest of VastNed Retail in Het Rond Houten is scheduled to be transferred to VastNed Retail Nederland soon.

VastNed Retail Monumenten

VastNed Retail Monumenten holds a single property (Rembrandtplein 7, Amsterdam) which qualifies as a historic monument. VastNed Retail Monumenten has a special tax status enabling the company to acquire historic monuments exempt from real estate transfer tax. This company is also part of the abovementioned fiscal unity headed by VastNed Retail.

Foram International Holdings

Foram International Holdings is the holding company for the Spanish, Turkish and Portuguese investments of VastNed Retail. These investments are held by local companies. This company is not a fiscal investment institution, but is subject to normal taxation on its profits in the Netherlands. Since the activities are limited to holding participations, the income generally will qualify for the participation exemption, so that effectively this company is not liable for corporate income tax.

Hispania Retail Properties

The Spanish investments are held by Hispania Retail Properties, a wholly-owned Spanish subsidiary of Foram International Holdings.

VastNed Management España

The property and asset management of the Spanish and Portuguese portfolio are carried out by VastNed Management España, a wholly-owned Spanish subsidiary of Hispania Retail Properties.

VastNed Lusitania Investimentos Imobiliarios

The Portuguese investments are held by VastNed Lusitania Investimentos Imobiliarios, a wholly-owned Portuguese subsidiary of Foram International Holdings.

VastNed Emlak Yatırım ve Inşaat Ticaret

The Turkish investments are held and managed by Hispania Retail Properties' Turkish subsidiary VastNed Emlak Yatırım ve Inşaat Ticaret.

French permanent establishment

The French property investments are held directly and indirectly by VastNed Retail's French permanent establishment. The majority of the property itself is held by a number of local French subsidiaries. VastNed Retail and the majority (in value) of its subsidiaries are subject to the so-called SIIC regime. Under this French fiscal regime, VastNed Retail is exempt from taxation both on its French operating income and on the capital gains realised locally. The (majority of the) companies holding the property portfolio in Lille are expected to opt for the SIIC regime as from January 1, 2009.

VastNed France Holding

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

VastNed Management France

VastNed Management France is the property and asset management company that services the French property portfolio.

Palocaux

Palocaux is the French property company holding the larger part of the French high street shops including the shares in subsidiary companies holding the abovementioned Lille portfolio. Palocaux is subject to the SIIC-regime. The Lille subsidiaries have not yet opted for this regime (see above).

Icopro

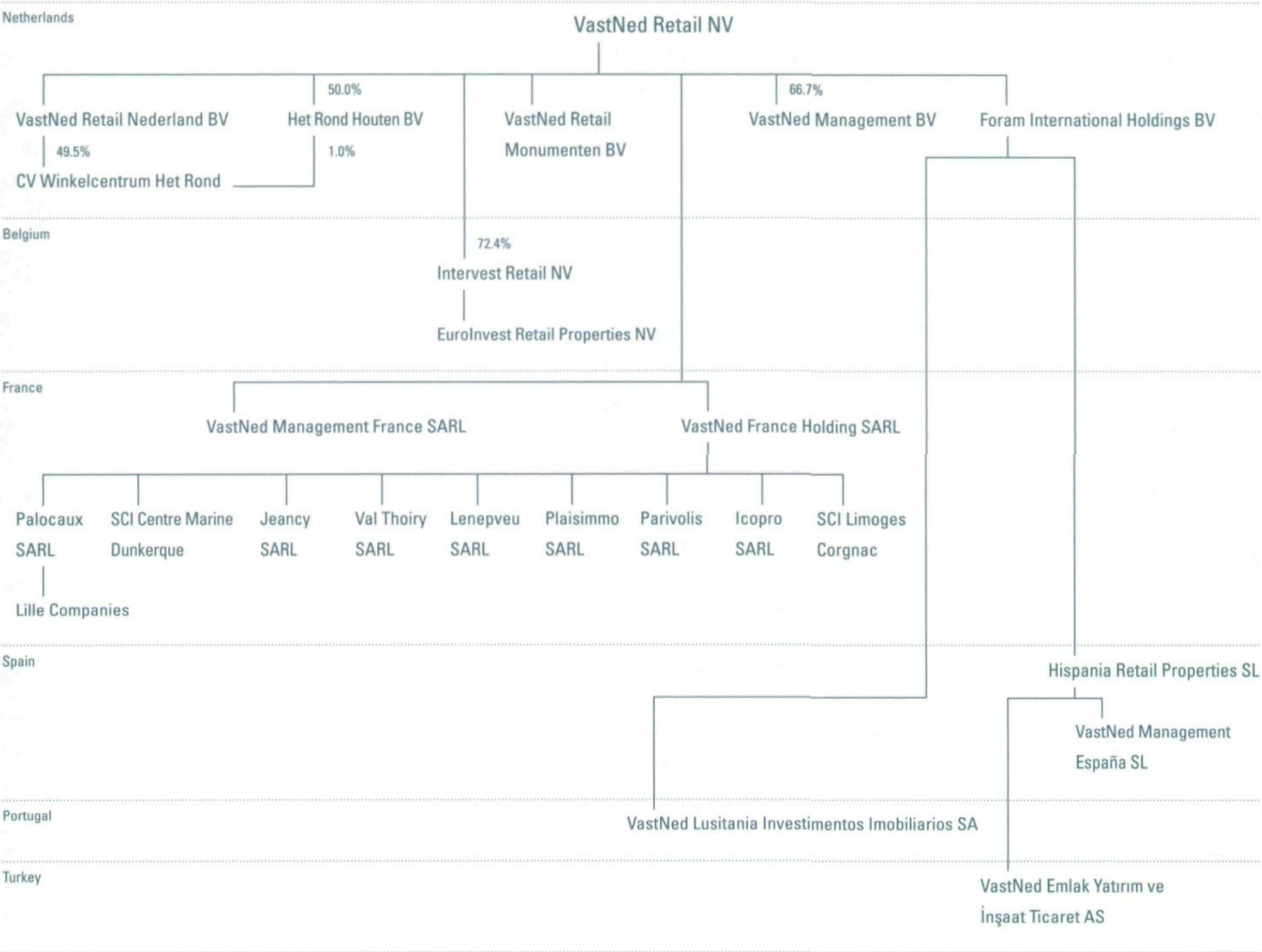
Icopro and its subsidiary hold the French retail warehouses. Icopro and its subsidiary are subject to the SIIC-regime.

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

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

Intervest Retail

As at December 31, 2008, VastNed Retail had a 72.4% interest in the Bevak Intervest Retail, which is listed on NYSE Euronext Brussels. A Bevak materially has a tax-exempt status and as such is comparable to a Dutch fiscal investment institution. On behalf of VastNed Retail, in principle two members of the board of management of VastNed Management are on the board of directors of Intervest Retail. At December 31, 2008, this board consisted of Messr Reinier van Gerrevink, Hans Pars and former VastNed Management employee Mr Hubert Roovers, in addition to four independent members. As of January 1, 2009 Mr Pars will be replaced by Mr De Witte. VastNed Retail consolidates this subsidiary fully and recognises the minority interest under equity. Intervest Retail carries out its own asset and property management. All employees have employment contracts with Intervest Retail without the intervention of a management company. Some managing directors perform their duties through the intervention of a separate company.



People

Board of management and management team

VastNed Management is sole managing director of VastNed Retail. VastNed Management is represented by its board of management. The board of management carries out the daily management of the company within margins agreed with the supervisory board. The board of management puts the operational and financial objectives, the strategy and the margins to be observed to the supervisory board for approval. The board of management and the general counsel comprise the management team, which generally meets every fortnight. One of the three members of the board of management, Mr Hans Pars, announced in October 2008 that he would leave VastNed Management to join the board of management of Wereldhave, a Dutch listed real estate company, as the future successor to the present CEO. The director of strategy and planning joined the meetings of the management team subsequent to the actual departure of Mr Hans Pars in the last quarter of 2008 to provide support pending Mr Pars' replacement. The board of management is responsible for having full and correct information at its disposal.

Curricula vitae management team members

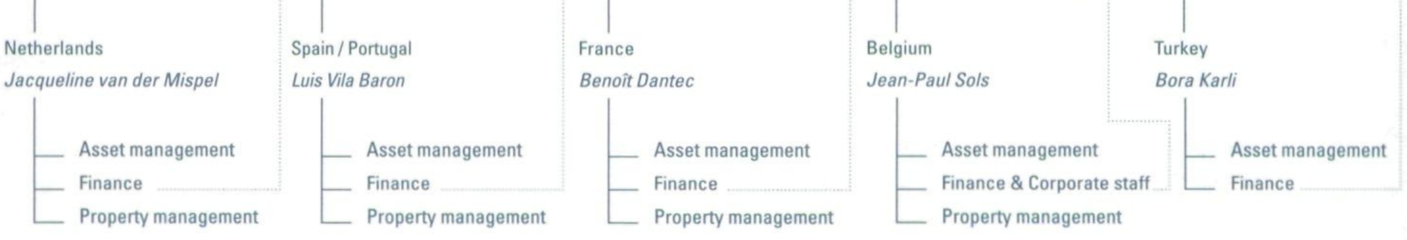
Reinier A. van Gerrevink (March 3, 1950)
Nationality: Dutch
Position: Statutory director, CEO
Joined the company: July 1, 2002
Appointment to present position: September 1, 2002
Previous positions: various management positions with:
- Robeco (Weiss Peck & Greer).
- Rodamco, and;
- ABN AMRO.

Other positions: member of the supervisory board of the foundation Stadsherstel Rotterdam
Education: Dutch law, Utrecht University.

Tom M. de Witte (September 7, 1966)
Nationality: Dutch
Position: Statutory director, CFO
Joined the company: June 16, 2003
Appointment to present position: June 16, 2003
Previous positions: auditor with Deloitte
Education: business economics, Dutch law and accountancy,
Erasmus University Rotterdam.

Arnaud G.H. du Pont (May 25, 1966)
Nationality: Dutch
Position: General counsel/Investor relations director
Joined the company: January 1, 2000
Previous positions:
- tax consultant with BDO, and;
- tax consultant with PricewaterhouseCoopers.

Education: tax law, Erasmus University Rotterdam.



All members of the board of management have disclosed their significant other positions. None are members of the supervisory board of any other publicly listed company. Acceptance of such a position would require approval from the supervisory board.

Remuneration of the board of management

Reference is made to the separate remuneration report included in this annual report.

Share ownership of the members of the board of management

Summary of share ownership of the members of the board of management and former member

	Reinier A. van Gerrevink	Tom M. de Witte	Hans Pars [1]
Number of shares as at January 1, 2008	1,271	500	500
Movements (granted as bonus over 2007)	1,134	567	567
Number of shares *as at December 31, 2008*	**2,405**	**1,067**	**1,067**

Mr Van Gerrevink has acquired 271 shares at his own expense. The remainder concern the VastNed Retail shares conditionally granted in respect of the investment result-related bonuses for 2006 and 2007. VastNed Retail has not provided any guarantees with regard to these shares. The above share ownership has been reported to the Netherlands Authority for the Financial Markets at the time of acquisition and may be referred to on *www.afm.nl.* VastNed Retail has drawn up regulations as referred to in Article 5:65 of the Netherlands Financial Supervision Act. These regulations determine during which periods the members of the supervisory board, members of the board of management and employees of VastNed Management may trade VastNed Retail shares (open periods). The closed periods, during which trade is not permitted, concern (at least) the periods preceding the publication of financial reports. The full text can be inspected on *www.vastned.nl.*

Country boards of management

The Netherlands

Next to the management team, which performs central management of and coordination for the various country portfolios from the Netherlands, the Dutch team of 12 property specialists is headed by Ms Jacqueline van der Mispel. These activities are carried out from the Rotterdam head office.

Spain and Portugal

The Spanish organisation, VastNed Management España, is headed by Mr Luis Vila Barron. VastNed Management España, located in Madrid, has 11 employees and performs activities in the areas of property and asset management and administration. As from 2008, property management is (largely) carried out in-house. The activities in Turkey and Portugal are also controlled from this location. In view of the nature and size of the Portuguese activities no local branch organisation has been set up.

Belgium

The Belgian activities, incorporated in Intervest Retail, are under the daily management of Mr Jean-Paul Sols (CEO), Ms Inge Tas (CFO) and Mr Rudi Taelemans (CIO). The Belgian team of property specialists consists of 5 employees. Mr Reinier van Gerrevink (and as of January 1, 2009, Mr Tom de Witte, replacing Mr Pars) are members of the board of Intervest Retail, joined by former VastNed Management employee Mr Hubert Roovers and four independent members. Mr Van Gerrevink is also delegated member in the daily management of Intervest Retail next to the four above mentioned independent members. The activities are carried out from the Antwerp office.

France

The French organisation, VastNed Management France, located in Paris, is headed by Mr Benoît Dantec. VastNed Management France has 18 employees in total, who are responsible for asset management, property management of the larger part of the property portfolio and administration. Only a small portion of the property management remains outsourced to third parties.

1 Former member of the board of management.

Turkey

Asset management in Turkey is carried out by Mr Bora Karli supported by one staff member from the local office in Istanbul. The Spanish country manager, Mr Luis Vila Barron, is closely involved in the Turkish activities. Next to Bora Karli, Mr Luis Vila Barron and the members of the board of management of VastNed Management are managing directors of the Turkish legal entity.

Supervisory board

VastNed Retail has a two-tier board, meaning that next to the board of management there is a supervisory board.

Composition of the supervisory board

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

The curricula vitae of the supervisory board members are presented below:

Wouter J. Kolff (July 23, 1945)
Nationality: Dutch
Position: retired
Appointment: April 4, 2006 (also as chairman)
Previous positions:

- various management and board positions with ABN AMRO (1971-1990), most recently as chairman of the board 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;
- executive partner SAC Private Equity Group, New York;
- member of the board of directors of Cosmos Bank, Taipei, Taiwan;
- member of the board of directors of Yes Bank, India, and;
- member of the board of advisors of Rich Management, Nairobi, Kenya.

Education: economics, Erasmus University Rotterdam.

N.J. (Klaas) Westdijk MBA (June 20, 1941)
Nationality: Dutch
Position: retired
Appointment: April 19, 2000; vice-chairman since April 6, 2004
Previous positions:

- president of the board of management of Koninklijke Pakhoed, and;
- president of the board of management of Connexxion Holding.

Other positions:

- chairman of the supervisory board of Eneco Energie, and;
- member of the supervisory board of FD Mediagroep.

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

Pieter M. Verboom (April 20, 1950)
Nationality: Dutch
Position: Executive Vice President & CFO Schiphol Group
Appointment: April 6, 2004
Previous positions:
- associate professor Erasmus University Rotterdam, and;
- various management positions with Philips, inter alia CFO of the board of management Argentina, Hong Kong and the Far East.

Other positions:
- member of the supervisory board of Super de Boer, Amersfoort;
- member of the board of the Brisbane Airport Corporation Holdings, Brisbane.

Education: econometrics, Erasmus University Rotterdam; PhD from Vrije Universiteit, Amsterdam.

Jeroen B.J.M. Hunfeld (April 11, 1950)
Nationality: Dutch
Position: consultant and informal investor
Appointment: April 3, 2007
Previous positions:
- Chief Operating Officer, Koninklijke Vendex KBB (2000-2004);
- chairman of the board of management of 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;
- member of the supervisory board of Accounting Plaza, Wormerveer;
- partner of Mirveld Capital Partners, Amsterdam;
- member of the advisory board of BORN05, Utrecht;
- member of the advisory board of Tracks, Amsterdam;
- member of the advisory board of Braintower, Waarloos, Belgium;
- member of the advisory board of Tomorrow, Amsterdam, and;
- member of the advisory board of Mondial Cosmetics, Alkmaar.

Retirement roster

N.J. Westdijk	2009
W.J. Kolff	2010
J.B.J.M. Hunfeld	2011
P.M. Verboom	2012

Tasks of supervisory board

The supervisory board supervises the daily policy of the board of management of VastNed Retail and provides the board with advice. In the fulfilment of its task, the supervisory board considers the interests of VastNed Retail, weighing the relevant interests of all stakeholders (including the shareholders). The supervisory board bears responsibility for the quality of its own performance. VastNed Retail provides the supervisory board with the necessary means for the execution of its task. In case of inadequate functioning, structural incompatibility of interests and other problems, a member of the supervisory board will tender his resignation. The tasks of the supervisory board include:
- Supervision and monitoring of and advising the board of management on:
  - Realisation of the objectives of the company,
  - The strategy and the risks associated with the business operations,
  - The structure and functioning of the internal risk management and control systems,
  - The financial reporting process and compliance with legislation and regulations;
- Publication of, compliance with and upholding of the corporate governance structure of the company;
- Approval of the annual accounts and the annual budget and of major investments and disposals of the company;
- Selection and nomination of the external auditor of the company;

- Selection of the board of management, at present VastNed Management, including the members of the board of management of VastNed Management, the proposal for adoption by the general meeting of shareholders of VastNed Retail for the remuneration policy for members of the board of management, for the adoption of the remuneration (taking account of the stated remuneration policy) and the contractual employment conditions of the members of the board of management;
- Selection of the members of the supervisory board and the proposal regarding the remuneration of its members to be adopted by the general meeting;
- Evaluation and assessment of the performance of the board of management and the supervisory board as well as their individual members (including an assessment of the profile of the supervisory board and the induction, education and training programme);
- Handling of and decisions regarding reported potential conflicts of interest between VastNed Retail on the one hand and members of the board of management, the external auditor and the major shareholder(s) on the other;
- Handling of and decisions regarding reported alleged irregularities that concern the performance of members of the board of management. The supervisory board will annually draw up and publish a report after the conclusion of the financial year on the performance and the activities of the supervisory board and its committees in that financial year. For a full list of the tasks of the supervisory board, reference is made to the regulations drawn up by the supervisory board, which may be inspected on *www.vastned.nl.*

Chairman of the supervisory board

The chairman of the supervisory board has a coordinating task. The chairman ensures compliance with the requirements of best-practice provision III.4.1 of the Code, assisted by the general counsel. The general counsel is appointed and dismissed by the board of management, either on the initiative of the supervisory board or otherwise, subject to supervisory board approval. The chairman is neither a former member of the board of management nor a former employee of VastNed Retail or one of its subsidiaries.

Profile of the supervisory board

The profile of the supervisory board is part of the regulations of the supervisory board and may be inspected on *www.vastned.nl.*

Audit committee

Tasks

The audit committee is charged with supervising the financial affairs of VastNed Retail in the broadest sense. For a complete list of the tasks, please refer to *www.vastned.nl.*

Procedural tasks

Four times per year the audit committee draws up a report of its deliberations and findings. At least once a year the committee reports on the developments in the relationship with the external auditor. Once every four years a thorough assessment is made of the performance of the external auditor. The external auditor receives the financial information on which the quarterly and semi-annual figures are based and is given the opportunity to comment on it. The audit committee is the first point of contact for the external auditor when irregularities are observed. The committee decides whether members of the board of management and the external auditor are present at 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 Verboom is chairman. Mr Hunfeld is a member. Mr Verboom is a financial expert.

Remuneration committee

Tasks

The remuneration committee is charged with advising the supervisory board on the remuneration policy in the broadest sense. For a complete list of the tasks, please refer to *www.vastned.nl.* Its tasks include making a proposal to the supervisory board regarding the remuneration policy to be pursued for the board of management to be adopted by the general meeting of shareholders and the same for individual members of the board of management.

Procedural tasks

In addition, the remuneration committee draws up the remuneration report to be adopted by the supervisory board. The remuneration report of the supervisory board is included in this annual report and placed on the website of the company and contains the information as meant in best-practice provisions II.2.10 and II.2.12 of the Code.

Composition

The remuneration committee consists of two independent members. Neither are members of the board of management of another Dutch publicly listed company. Mr Westdijk is the chairman and Mr Kolff is a member of the remuneration committee.

Selection and appointment committee

Tasks

The tasks of the selection and appointment committee include drawing up selection and appointment criteria, periodic assessment of 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 concerning the appointment of senior management and taking concrete decisions with regard to selection and appointments.

Composition

VastNed Retail's selection and appointment committee consists of Messrs Kolff and Westdijk.

Reports of the meetings of the three committees are provided to the supervisory board.

Remuneration of the members of the supervisory board

The members of the supervisory board receive a remuneration of € 21,000 annually. The chairman receives an annual remuneration of € 27,000 and the vice-chairman receives € 24,000. In view of the labour-intensive character of their duties, members of the audit committee receive an additional annual remuneration of € 4,000. The members of the remuneration committee annually receive an additional € 3,000. All the members of the remuneration committee are also members of the supervisory board of VastNed Management. The members of the remuneration committee of VastNed Offices/Industrial are also members of this supervisory board. For the membership of the supervisory board of VastNed Management, no separate remuneration is paid. The members do not receive any further compensation to those mentioned, other than reimbursement of expenses as incurred.

Share ownership of the members of the supervisory board

None of the supervisory directors holds any shares in VastNed Retail.

Compliance with the Corporate Governance Code

Introduction

VastNed Retail confirms the importance of proper corporate governance as a basis of trust between the company and its shareholders. In the interest of the transparency that is inextricably linked to corporate governance, VastNed Retail continues in this annual report to report extensively on the way in which its corporate governance operates and the extent to which the company complies with the Netherlands corporate governance code (the Code). The company has taken note of the updated Corporate Governance Code published on December 10, 2008. VastNed Retail understands the rationale behind the changes to the Code and will take into account the Monitoring Committee's findings where applicable for future updates of the various corporate governance regulations.

Statement of compliance and deviations from the Code

VastNed Retail subscribes to the Code and its principles and currently complies with virtually all the best-practice provisions of the Code. At present, VastNed Retail deviates from the principles and best-practice provisions as formulated in the Code on two points. They are:

- Appointment of members of the board of management for a period of four years: all current members of the board of management were appointed before the publication of the (draft) Code. All of the existing employment contracts have an indefinite term.
- Limitation of any severance payment to a maximum of one year's salary: all current members of the board of management were appointed before the publication of the (draft) Code. When concluding these contracts, dismissal schemes were agreed which took account of the years of service with previous employers. These schemes may result in compensation of more than one year's salary.

Availability corporate governance documents

The documents that determine the corporate governance structure, such as the articles of association and the regulations of the supervisory board, as well as the registration document in the context of the Financial Supervision Act, have been made available on the company's website *www.vastned.nl.*

Statement of share ownership (principle)

Members of the supervisory board will only hold shares in VastNed Retail for long-term investment and purchase these shares at their own cost. When purchasing and selling shares, they act in accordance with the regulations adopted by the company as meant to in Article 5:65 of the Netherlands Financial Supervision Act. Transactions are also reported to the Netherlands Authority for the Financial Markets (*www.afm.nl*) in accordance with relevant regulations. VastNed Retail has also drawn up regulations in respect of trade in publicly listed securities. Transactions by members of the supervisory board and the board of management are reported at the end of each quarter to VastNed Retail's compliance officer.

Independence

None of the members of the supervisory board is or has been a member of the board of management or employee of VastNed Retail or of any company associated with it. No member has received any fees other than for his membership of the supervisory board, nor has any member had a major business relationship with VastNed Retail or any associated company during one year prior to his appointment. None of the members of the board of management is a shareholder, member of the board of management or supervisory board member of a company that holds at least 10% of the shares in VastNed Retail. The above also applies to the direct family members of the respective members.

Specific corporate governance requirements for the board of management

Transactions of members of the board of management

VastNed Retail has not entered into any transactions with any of the members of the board of management other than those that arise from their employment contracts.

Conflicting interests of members of the board of management

None of the members of the board of management has entered into competition with VastNed Retail in any way. No fees were provided by VastNed Retail to the members of the board of management or their family members, no unjustified benefits were provided to third parties by any member of the board of management, nor were any business opportunities provided by VastNed Retail to either any of the members or their families.

In the context of the corporate governance pursued by VastNed Retail, the members of the board of management declare that they comply with the Code in all abovementioned cases. The offering process on VastNed Retail might have generated a possible conflict of interest in that the members of its board of management are also the members of the board of management of VastNed Offices/Industrial, and might have considered the interests of that company in their decisions. The separation of the supervisory boards of VastNed Retail and VastNed Offices/Industrial effected in 2006, the appointment of an independent financial adviser to provide assistance to the supervisory board in the offering process and the vice-chairman, Mr Westdijk, joining the transaction team during the last phase of the offering process have safeguarded good corporate governance. Generally, in prevailing cases the respective member of the board of management reports any conflict of interest to the chairman of the supervisory board and will refrain from participation in the discussion of and resolution on the matter in which the member of the board of management has a conflict of interest. In addition, transactions with a conflicting interest will be agreed under conditions customary in the industry.

Loans to members of the board of management
VastNed Retail has not provided loans to the members of its board of management, nor have the members of the board of management provided 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 on the supervisory board of VastNed Offices/Industrial. The chairman and the vice-chairman are also members of the supervisory board of VastNed Management. This system guarantees the independence of the members of the supervisory board. The supervisory board has four members.

Conflicting interests of members of the supervisory board
A member of the supervisory board reports a material conflicting interest to the chairman of the supervisory board. In the context of the corporate governance pursued by VastNed Retail, the members of the supervisory board state that they will comply with the Code and the respective member will refrain from participation in the discussion of and resolutions on the matter in which the member has a conflicting interest. In addition, transactions with a conflicting interest will be agreed under conditions customary in the industry. Resolutions on entering into transactions with major shareholders, i.e. shareholders holding more than 10% of the share capital in issue, must be approved by the supervisory board and are entered into under conditions customary in the industry. VastNed Retail at present does not have a delegated supervisory board member.
In prevailing cases, the supervisory board will comply with best-practice provisions III.6.6 and III.6.7.

Loans to members of the supervisory board
VastNed Retail has not provided loans to any member of the supervisory board, nor has any member of the supervisory board provided loans to VastNed Retail.

Other Information

Stichting Prioriteit VastNed Retail and protection measures
The Stichting Prioriteit VastNed Retail ('Stichting') is a foundation that holds the priority shares and has specific authority regarding the appointment of members of the supervisory board and the board of management, as well as regarding extraordinary decisions such as amendments to the articles of association, the winding up or liquidation of VastNed Retail. On the board of the Stichting are the members of the supervisory board and the members of the board of management of VastNed Management.

General meeting of shareholders and voting rights

At the general meeting of VastNed Retail shareholders, the state of affairs is commented upon and the general meeting is asked for approval on subjects determined by law and in the articles of association. The board of management and the supervisory board supply the general meeting of shareholders with all information required unless a material interest is opposed to that. VastNed Retail will announce the meeting by placing an announcement in the Officiële Prijscourant of NYSE Euronext and at least one Dutch nationwide daily newspaper. It will also announce the meeting in one French nationwide daily newspaper. The agenda and shareholders' circular are available at the offices of VastNed Retail in Rotterdam and Paris and from *www.vastned.nl*. In these announcements, inter alia the ultimate registration date is given for exercising voting rights on the share. The minutes of the general meeting of shareholders will be made available after the meeting in accordance with best-practice provision IV.3.8.

Financial reporting and the external auditor

Financial reports are drawn up in accordance with internal procedures. The board of management is responsible for the correctness, completeness and timeliness of the financial reports. The external auditor is involved in the content and publication of the semi-annual report and the annual accounts and their publication. The external auditor will attend the general meeting of shareholders and may be asked to comment on the correctness of the annual accounts. The external auditor will in any case attend the meetings of the supervisory board and of the audit committee in which the annual accounts are discussed.

Code of conduct and whistleblower's code

VastNed Retail has drawn up a code of conduct which applies to all employees including the board of management. A whistleblower's code has also been implemented, which allows employees and members of the board of management to report abuses within the company without fear for their own employment. The texts of these regulations have been published on *www.vastned.nl*.

Supervisory board

Wouter J. Kolff

N.J. (Klaas) Westdijk

Pieter M. Verboom

Jeroen B.J.M. Hunfeld

Management team

Reinier A. van Gerrevink

Tom M. de Witte

Arnaud G.H. du Pont

Country managers

Netherlands
S.J. (Jacqueline) van der Mispel

Spain
Luis Vila Barron

France
Benoît Dantec

Belgium
Jean-Paul Sols

Turkey
Bora Karli

Remuneration report 2008

Introduction

VastNed Retail has one single managing director, VastNed Management, a subsidiary and management company of both VastNed Retail and VastNed Offices/Industrial. This remuneration report outlines the remuneration of the managing directors of VastNed Management, the private individuals representing the funds (hereinafter referred to as: 'the funds'). All directors work for both funds. VastNed Management's costs are charged on to the separate funds based on causation in accordance with a cost allocation agreement.

Main points of the remuneration policy

VastNed Management's remuneration policy was approved by the shareholders of both funds in the general meetings of shareholders on April 6, 2004 and is based on the following principles:

a The level and structure of the total remuneration should enable VastNed Management to attract and retain qualified and expert managing directors;
b The remuneration structure must provide for a relationship between the fixed and variable salaries that advances the interests of the funds in the medium and long term.

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

a The chairman of the board of management (CEO) is awarded a fixed annual salary that is in line with the fixed annual salaries of the chairmen of the boards of management of competing investment funds. This peer group comprises the property investment funds Corio, Eurocommercial Properties, Unibail-Rodamco and Wereldhave;
b The members of the board of management are awarded a fixed annual salary of between 40-70% of the CEO's fixed salary, and which depends on performance, experience and the weight of their duties;
c In order to limit the pension costs, not the entire annual salary is taken as a basis for pension calculation. The pensionable part is limited to 75-90% of the fixed annual salary, taking into account that this percentage decreases when the fixed annual salary increases;
d Next to the fixed annual salary, a bonus may be awarded of a maximum of € 200,000 to the CEO and of € 100,000 to each member of the board of management for their activities for the two funds jointly. Per fund no more than 50% of the abovementioned amounts may be awarded.

Bonus system

Personal bonus

A maximum bonus of € 50,000 and € 25,000 respectively may be awarded to the CEO and to each member of the board of management based on an assessment by VastNed Management's supervisory board of the personal performance of the CEO and the members of the board of management (personal bonus). This assessment will be based on the degree to which during the financial year the member of the board of management concerned has realised qualitative and/or quantitative targets defined in advance. This bonus is paid out in cash. The costs of this bonus are distributed in accordance with the cost allocation agreement between the funds.

Below, all the total personal bonuses are reported specifying the parts attributable to VastNed Retail and to VastNed Offices/Industrial.

Mr R.A. van Gerrevink (CEO)	€ 25,000
Mr T.M. de Witte (CFO)	€ 15,000
Mr J. Pars (CIO)	€ 8,125

Attributable to VastNed Retail	€ 25,988
Attributable to VastNed Offices/Industrial	€ 22,137

Bonus related to the direct investment result

The remaining € 150,000 and € 75,000 respectively are directly related to the development of the direct investment result per share, as evidenced by the annual accounts and approved by the external auditor and corrected for subsequent changes to the funds' accounting system (like-for-like). The performance criteria of the investment result-related bonus creates alignment between directors and shareholders both in the short and the long term, since an increase of the direct investment result per share above inflation benefits both the directors and the shareholders. The personal bonus promotes the realisation of key objectives, that do not lead to an increase in the direct investment result per share in the short term.

System

The bonus system provides for a bonus of € 5,000 for the CEO and € 2,500 for the members of the board of management for every 10 basis points increase of the direct investment result per share above the average weighted inflation in the countries in which the funds invest (calculated based on average value of the properties in the respective countries). This part of the bonus has a maximum per fund of € 75,000 for the CEO and € 37,500 for the other members of the board of management respectively. Increase and decrease percentages of the two funds' direct investment result are not set off against each other. The costs of the direct investment result-related bonus will be charged to the fund to which the increase may be attributed.

Payment in shares

The direct investment result-related bonus is awarded conditionally in the form of shares in the relevant fund at the first ex dividend share price after the annual general meeting of shareholders. The award is made on a condition precedent that the award becomes unconditional after two years, provided that the direct investment result per share in the previous financial year is not lower than the direct investment result per share for the financial year preceding the conditional granting of the bonus.

Lock-up

Once the CEO or a member of the board of management is unconditionally entitled to the shares, he is allowed to sell a maximum of 50% of the shares awarded. The proceeds may be used for settling the wage withholding tax which has become payable at the time of unconditional entitlement of the shares. The other shares must then be held for a period of at least three years or until the end of the employment of the respective director, if earlier.

Dividend entitlement

The shares are entitled to dividend from the time when they are awarded conditionally. The cash equivalent of the dividends on the shares awarded will not be paid out until the awarding has become unconditional.

2008 investment result-related bonus
VastNed Retail will not pay the bonus related to the direct investment result in the 2008 financial year, as the direct investment result per share was € 3.85. This is the same as the 2007 direct investment result per share, whilst the average weighted inflation in the countries where VastNed Retail operates was 3.4%. VastNed Offices/Industrial will not award an investment result-related bonus since it reports a 2008 direct investment result per share of € 1.59, which is lower than in 2007 and the average weighted inflation for VastNed Offices/Industrial amounted to 3.5%.

No claw-back on shares VastNed Retail granted in 2007
The 2008 direct investment result per share VastNed Retail of € 3.85 was higher than the 2006 direct investment result per share (granted in 2007) which amounted to € 3.70 per share. For the purpose of assessing the 2008 direct investment result per share, the supervisory board has resolved, in accordance with the presentation of the key figures in the annual report, to calculate the direct investment result per share for VastNed Retail without taking the costs of the offering process into account. As a rule, the claw-back rules apply to all shares including the shares granted to Mr Pars, who left the company on January 1, 2009. For this reason all the shares conditionally granted in 2007 will become unconditional on April 9, 2009 (ex-dividend date).

The bonuses are non-pensionable.

Pensions
The pensions awarded are non-contributory. Mr Van Gerrevink's pension is based on a final pay formula, while the pension plans of Messrs De Witte and Pars are based on the career average pension plan. Mr Van Gerrevink's expected actual retirement age is 63, those of Messrs De Witte and Pars are 65.

Expenses and perks
Customary arrangements are in place for a company car and reimbursement of expenses.

Duration and termination conditions of employment agreements
The employment contracts with the directors have been concluded for an indefinite period. All contracts contain a severance payment scheme with a minimum compensation in case of termination by VastNed Management that is above the compensation of one year's salary as referred to in the Dutch corporate governance code ('the Code'). This was necessary at the time to convince the CEO and the present member of the management board to give up their employment elsewhere and enter into an employment contract with VastNed Management. The current arrangements will be honoured. VastNed Management does, however, intend to implement the Code in this context for future new managing directors. If termination of the employment contract is the consequence of, or happens within a certain period after a takeover or merger, in certain cases a higher minimum dismissal compensation applies.

In case of involuntary dismissal by the general meeting of shareholders of VastNed Management, Mr Van Gerrevink is entitled to a compensation of at least € 600,000. If the employment contract is terminated due to a merger or takeover of one of the funds, a compensation of at least € 400,000 (for each fund) will be paid. If a share price is realised for shareholders of over 105% of net asset value, an additional bonus is awarded of 2% of the increase per share, multiplied by the number of shares in issue. This additional bonus has a maximum of € 750,000 per fund. These arrangements were stipulated at the conclusion of the employment contract.

In case of involuntary dismissal, Mr De Witte is entitled to a compensation to be determined in accordance with the 'kantonrechtersformule' system (Dutch severance payment system according to subdistrict courts), taking account of his 12 years of service at the time of appointment. This arrangement was stipulated at the conclusion of the employment contract. If the employment contract is terminated in case of a merger or take-over of one of the funds on the initiative of VastNed, a compensation of at least 15 months' salary will be paid.

The notice periods for the members of the board of management are:

	Employer	Employee
Mr R.A. van Gerrevink	6 months	3 months
Mr T.M. de Witte	6 months	3 months

Remuneration of CEO and members of the board of management in 2008

The salaries for 2008 are presented below (personal bonus refers to the bonus for the 2008 financial year, paid out in 2009).

	Years of service	Fixed salary (excl. nat. sec. contr.)	Of which fully pensionable	Personal bonus	Offering process bonus VastNed Offices/ Industrial
Mr R.A. van Gerrevink	7	446,900	339,600	25,000	51,394
Mr T.M. de Witte	6	215,280	184,200	15,000	24,757
Mr J. Pars	6	259,200	229,200	8,125	29,808
Total		**921,380**	**753,000**	**48,125**	**105,959**

The proposed increase of the fixed salaries to the CEO and the members of the board of management as set out in the 2007 remuneration report was not approved by VastNed Retail's annual shareholders' meeting on April 8, 2008; the same proposal was approved by the annual shareholders' meeting of VastNed Offices/Industrial held on the same day. For that reason, the supervisory board of VastNed Management has resolved to grant the members of the management board a pro rata part of the salary increase, which means that 46% of the proposed amounts were paid out. The bonus to the CEO and the members of the board of management with respect to the offering process on the shares of VastNed Retail was paid out in 2008 by VastNed Offices/Industrial only.

In 2008, VastNed paid the following pension contributions on behalf of its managing directors: Mr Van Gerrevink € 98,000, Mr De Witte € 23,000 and Mr Pars € 33,000.

Remuneration of the CEO and the members of board of management in 2009

The present remuneration policy, adopted in 2004, will not be changed.

Mr Van Gerrevink's fixed annual salary for 2009 will be raised to € 465,000. The fully pensionable component is raised to € 348,000.

Mr De Witte's annual fixed salary will be raised to € 240,000. The fully pensionable component is raised to € 210,000.

These increases are in accordance with the approved remuneration policy and reflect Mr Van Gerrevink's and Mr De Witte's growing experience and contributions to the development of the funds.

Risk management

Taking the recommendations of the Monitoring Commission published in December 2005 into account and making use of the so-called COSO (The Committee of Sponsoring Organisations of the Treadway Commission) Risk Management framework, VastNed Retail has broken down the risks into the following risk categories: strategic risks, financial reporting risks, operational risks, financial risks and compliance risks. Hereafter, for every risk category it will be set out which significant risks are included in that category and how VastNed Retail endeavours to control those risks.

Description of risk	Impact	Control measures
Strategic risks Impact of external factors due to investment and financial policy choices.	The choice of investment country, investment type, relative size and time of investment can have major impact on dependence on inflation, currency fluctuations, consumer spending, rent legislation and permit policies on expected rent developments and demand for retail locations.	A strategic choice has been made to: – Invest mainly in eurozone countries with a relatively stable political and economic climate; – Invest no more than 10% of the investment portfolio in Turkey, focusing on the western-oriented Istanbul; – A high degree of spreading across different types of retail properties, tenants and locations (see the chapter 'Profile and strategy'), and; – Critical size per country/region to guarantee sufficient local expertise and solid research.
Financial reporting risks The impact of incorrect, incomplete or late provision of information on internal decision-making or that of external parties, such as shareholders, banks and regulators.	– Incorrect analysis of risk return profile in investment decisions, and; – Reputation damage and claims due to making misleading statements to stakeholders.	A solid system of internal control measures and administrative and organisational measures has been implemented and laid down in the Administrative Organisation manual, providing in key checks and balances with respect to financial reports, such as: – Involvement of various disciplines in the preparation of reports and proposals for investments and disposals; – Budgeting, forecasting and statistical analysis; – Appraisal procedures (independent external appraisers that are frequently replaced, internal IRR analyses and internationally accepted appraisal guidelines); – Periodical business report meetings in which based on reports, the operational activities are discussed with the country managers; – Frequent meetings of the board of management, discussion of the results of external audits with the board of management, the audit committee and the supervisory board, and; – Group instructions on accounting principles and reporting data, as well as internal training in the area of IFRS et cetera.

Description of risk	Impact	Control measures
Operational risks Risks arising from daily transactions and (external) events.		
Investment and disposal risks Incorrect investment or disposal analysis.	– Incorrect assessment of the risk return profile, and; – Late investment or disposal.	Careful acquisition and selling procedures, comprising: – Using the checklist in the performance of due diligence to assess financial, legal, construction and tax aspects; – Involvement of various disciplines in acquisitions and disposals; – Standard format for investment or disposal proposals, and; – Internal authorisation procedures (investment and disposals exceeding € 25 million require supervisory board approval).
Leasing and debtor risks The risk that a property due to its nature and location and/or the quality of the tenants cannot be let at the anticipated rent or the rent cannot be collected.	– Fall of rental income and rise of uncharged net service charge expenses due to vacancy; – Decreasing property value due to vacancy; – Write-off of overdue receivables, and; – Lower (than expected) direct and indirect investment result.	Internal procedures aimed at: – Frequent evaluation of environment factors and the investment property itself by portfolio and technical managers, and research; – Extensive annual forward-looking yield analysis, including ten-year forecast; – Achieving a balanced spread of expiry dates of lease contracts in accordance with current rent law and regulations; – Achieving an optimal tenant mix and setting a maximum exposure to any individual tenant; – Periodic reports on the occupancy rate and rent arrears in the property portfolio, resulting in actions; – Screening of tenants in the conclusion of lease contracts, and requiring guarantee deposits and bank guarantees, and; – Securing bank guarantees and/or payment of guarantee deposits from tenants.
Cost control risks The risk of unexpected increases of operating expenses and general expenses, and of having to make unexpected further investments.	– Incorrect assessment of the risk return profile, and; – Lower direct and indirect investment result.	– Budgeting procedures and maintenance forecasts; – Authorisation procedures for entering into maintenance and investment commitments; – Periodic reports (realisation – budget analysis), and; – Benchmarking costs to other funds.
Pipeline risks Risks associated with acquired pipeline projects.	– Delivery delays; – Deviation from agreed (technical) specifications or lease conditions; – Failure to secure the projected rent levels fully or partly, and; – Lower direct and indirect investment result.	– The pipeline risk is generally transferred to contracted reputed and solid project developers and building contractors. By way of early involvement in the design and the composition of the tenant mix, leasing risks may be accepted; – Periodic progress reports (realisation – budget analysis), and; – Continuous involvement of in-house commercial and technical experts to monitor progress.

Description of risk	Impact	Control measures
Legal and tax risks Risks associated with amendments to tax law and corporation law, and risks arising from incorrect assessment of contractual provisions 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 result.	Internal procedures, comprising: – Mandatory evaluation of contractual commitments by internal and, where necessary, external lawyers and tax experts; – Ensuring relevant staff receive technical training; – Continuous monitoring of and application of the conditions of the tax regime, including financial ratios, dividend distributions and the composition of the shareholder base, by internal and external tax experts, and; – Careful analysis of tax risks involved in acquisitions and disposals, including value added tax, transfer tax, deferred tax liabilities and related issues.
ICT risks Risks associated with malfunctions or security issues of the internal ICT infrastructure.	– Late or incorrect internal or external reporting; – Loss of relevant information; – Unauthorised access to information by third parties, and; – Reputation damage.	Internal procedures aimed at: – Access security; – Back-up and recovery procedures; – Periodic checks by external experts; – Digitalisation of key documents, and; – Hiring external know-how and experience to stay abreast of developments in ICT. The ICT network between the countries is centralised in Rotterdam; individual countries are connected to the company's Wide Area Network by means of fixed lines contracted from professional network providers.
Financial risks		
(Re)financing risks Risks that insufficient (long-term) loan capital can be raised, or at unfavourable conditions.	– Insufficient financing facilities for investments; – Forced sale of properties; – Higher financing costs, and; – Lower direct and indirect investment result.	– Frequent contact with (potential) shareholders and loan capital providers by means of roadshows, transparent financial reporting and analysts' meetings; – Limiting loan capital financing to a maximum of 45% of the market value of the property; – No more than a third of the loan portfolio comprises short-term loans; – Balanced spread of refinancing dates; – Weighted average duration of long-term loan portfolio of at least five years, and; – Internal monitoring of the refinancing risk based on periodic internal financial reports.
Liquidity risk The risk that insufficient resources are available for daily payment obligations.	– Reputation damage, and; – Additional financing costs.	– Procedures aimed at reducing operational risks that may result in loss of cash flow (see above); – Attracting sufficient credit facilities; – Preparing daily cash flow prognoses, and; – Internal monitoring of the credit facilities and conditions based on periodic internal financial reports.

Description of risk	Impact	Control measures
Interest rate risk Risks arising from interest rate fluctuations.	– Rising financing costs, and; – Lower direct investment result.	– In principle, no more than a third of the loan portfolio has a floating interest rate; – Fixing interest rates by concluding interest rate derivatives with (inter)national banks; – Balanced spread of interest review dates; – Typical minimum interest rate duration of long-term loan portfolio of at least 3.0 years, and; – Internal monitoring of the interest rate risk based on periodic internal financial reports.
Currency risk Risks arising from currency fluctuations.	– Falling proceeds, and; – Lower direct and indirect investment result.	– Investing primarily in the eurozone; – No more than 10% of invested capital in Turkey, and; – Concluding lease contracts in euros or US dollars, and financing (part of) the property in the same currency.
Compliance risks Risks associated with non-compliance or incomplete compliance with regulations, or unethical conduct.	– Reputation damage; – Claims and legal proceedings, and; – Lower direct investment result.	– Internal procedures and training aimed at keeping knowledge of laws and regulations up to date; – Internal code of conduct and whistleblower code; – Compliance with code of conduct is discussed with employees at least once a year; – Procedures aimed at hiring ethical staff (including references), and; – Execution of the system of internal representation letters as prescribed by the AFM, signed at least once a year by the country managers in the context of periodic self-assessment.

As indicated above, VastNed Retail devotes a great deal of attention to risk management. However, VastNed Retail is an organisation of limited size, and is spread across various country organisations. Activities in the areas of financing, cash management, taxation, legal affairs, IT, research, budgeting and budgetary control are executed at group level in Rotterdam, which also benefits the local country organisations. VastNed Retail does not have a separate internal audit department. In everyday practice the informal character of the organisation is relied on. In view of the limited complexity of daily transactions and the short internal communication lines, the absence of a separate internal audit department is deemed to be acceptable in terms of risk management.

Property portfolio 2008

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	Shop	1990	1906	345	1	–	–	90
Payglop 6	Shop	1988	1900	45	1	–	–	21
Payglop 14	Shop	1994	1930	120	1	–	–	41
Almelo								
Grotestraat 32 / Hof van Gülick 10	Shop	1993	1920	210	1	1	–	43
Grotestraat 35a-37	Shop	1994	1900	150	1	1	–	49
Grotestraat 36	Shop	1996	1920	430	1	–	–	79
Grotestraat 83-85	Shop	1994	1850	255	1	–	–	125
Grotestraat 97a / Koornmarkt 3-5 and 9-11 / Werfstraat 1	Shop	1993	1920	1,096	5	–	–	195
Amersfoort								
Langestraat 8	Shop	1990	1900	409	1	–	–	91
Utrechtsestraat 13 / Hellestraat 3	Shop	2008	1900	97	1	1	–	65
Amsterdam								
Buikslotermeerplein 88 and 90 [1)]	Shopping centre	1990	1968	388	1	–	–	94
Buikslotermeerplein 123 [1)]	Shopping centre	1993	1968	9,293	1	–	–	1,007
Buikslotermeerplein 255 [1)]	Shopping centre	2007	1972	307	1	–	–	104
Ferdinand Bolstraat 65	Shop	1989	1883	65	1	3	–	52
Ferdinand Bolstraat 79	Shop	1987	1905	85	1	3	–	60
Ferdinand Bolstraat 81	Shop	1989	1884	82	1	3	–	52
Ferdinand Bolstraat 88	Shop	1987	1883	85	1	3	–	57
Ferdinand Bolstraat 92 / G. Flinckstraat 118	Shop	1987	1882	81	1	6	–	64
Ferdinand Bolstraat 95 and 97 / 1e Jan v.d. Heydenstraat 88a and 90	Shop	1987	1892	194	1	9	–	110
Ferdinand Bolstraat 101	Shop	1989	1892	118	1	3	–	44
Ferdinand Bolstraat 109	Shop	1989	1882	76	1	3	–	50
Ferdinand Bolstraat 120 / 1e Jan v.d. Heydenstraat 88	Shop	1993	1893	130	1	6	–	65
Ferdinand Bolstraat 122	Shop	1987	1893	95	1	3	–	53
Ferdinand Bolstraat 124	Shop	1987	1893	75	1	3	–	53
Ferdinand Bolstraat 126	Shop	1989	1893	75	1	3	–	52
Heiligeweg 47	Shop	1989	1899	60	1	–	–	93
Jan Evertsenstraat 100	Shop	1988	1925	90	1	3	–	40
Jan Evertsenstraat 106	Shop	1987	1925	85	1	3	–	39
Jan Evertsenstraat 108	Shop	1987	1940	95	1	3	–	48
Kalverstraat 9	Shop	1990	1900	252	1	–	–	112
Kalverstraat 162-164	Shop	1988	1800	328	1	–	–	287
Kalverstraat 182	Shop	1987	1900	95	1	–	–	119
Kalverstraat 208	Shop	1991	1850	160	2	–	–	102
Kinkerstraat 115 [1)]	Shop	1994	1988	97	1	–	–	34
Leidsestraat 5	Shop	1990	1905	380	1	–	–	91
Leidsestraat 64-66 / Kerkstraat 44	Shop	1986	1912	790	4	–	–	224
Paleisstraat 21	Shop	1990	1876	310	1	–	–	49
Reguliersbreestraat 9 / Amstel 8	Shop	1987	1905	78	2	3	–	111
Reguliersdwarsstraat 95-97	Shop	1992	2003	259	1	–	–	77
Rembrandtplein 7 [1)]	Shop	2007	1897	285	2	–	–	206
Van Baerlestraat 86	Shop	1994	1800	90	1	2	–	70

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)
Van Baerlestraat 108-110	Shop	1990	1800	265	2	3	–	115
Apeldoorn								
Adelaarslaan 86-146 / Talingweg 54	Shopping centre	1999	1950	2,190	16	–	–	237
De Eglantier 409	Shop	1991	1979	56	1	–	–	15
Deventerstraat 5	Shop	1990	1900	363	2	2	–	114
Deventerstraat 6	Shop	1990	1930	70	1	–	–	31
Deventerstraat 14 and 14b	Shop	1994	1900	295	2	3	–	94
Arnhem								
Bakkerstraat 3a and 4 / Wielakkerstraat 8	Shop	1990	1600	188	2	1	–	111
Bakkerstraat 6	Shop	1994	1950	657	1	–	–	143
Koningstraat 12-13 / Beekstraat 105-107 and 108	Shop	1988	1890	1,085	4	3	–	242
Koningstraat 14-15 / Beekstraat 98 / Klarestraat 21-27	Shop	1988	1870	3,139	3	4	–	228
Rijnstraat 23 / Varkensstraat 34	Shop	1990	1900	265	2	4	–	111
Vijzelstraat 24	Shop	1994	1800	150	1	–	–	90
Assen								
Gedempte Singel 11-13 / Mulderstraat 8	Shop	1995	1952	893	3	–	–	96
Bemmel								
Dorpsstraat 31, 31a-e / Kloosterplaats 1 / Dr Poellstraat 1	Shop	1998	1992	1,819	6	2	–	235
Bergen op Zoom								
Wouwsestraat 48	Shop	1994	1900	80	1	–	–	47
Beverwijk								
Nieuwstraat 9-11 / Breestraat 65	Shop	1989	1910	2,630	4	–	–	328
Bilthoven								
Julianalaan 53	Shop	1997	1930	160	1	–	–	35
Bodegraven								
Kerkstraat 22-24	Shop	1997	1850	296	2	–	–	38
Borculo								
Lichtenhorst 7-9	Shop	2007	2007	2,350	2	–	–	273
Boxmeer								
Hoogkoorpassage 14-18 and 22	Shop	1990	1989	566	5	–	–	76
Steenstraat 110 / D'n entrepot	Shop	1997	1992	270	1	–	–	46
Boxtel								
Rechterstraat 42-44	Shop	1997	1940	877	1	–	–	101
Stationstraat 18-20	Shop	1997	1920	750	1	–	–	80
Breda								
Eindstraat 14-16	Shop	1988	1924	260	1	–	–	200
Ginnekenstraat 3	Shop	1994	1985	88	1	–	–	79
Ginnekenstraat 19	Shop	1993	1980	150	1	–	–	116
Ginnekenstraat 80-80a	Shop	1998	1905	165	1	5	–	105
Grote Markt 29 / Korte Brugstraat 2	Shop	1991	1953	102	2	–	–	92
Karrestraat 25	Shop	1994	1920	125	1	2	–	131
Ridderstraat 19	Shop	1994	1800	100	1	–	–	58
Torenstraat 2 / Korte Brugstraat 14	Shop	1992	1953	90	1	–	–	82
Veemarktstraat 30	Shop	1991	1920	240	1	–	–	76
Veemarktstraat 32	Shop	1992	1800	70	1	2	–	41
Brielle								
De Reede 36-50 1)	Shopping centre	1993	1977	1,610	7	–	–	244
Brunssum								
Kerkstraat 45 / Schiffelerstraat 1	Shop	1997	1970	560	2	–	–	91
Bussum								
Kerkstraat 1 / Brinklaan	Shop	1994	1974	1,012	2	–	–	122
Nassaulaan 12 / Nassaustraat 1a and 1g	Shop	1994	1920	277	1	2	–	81
Nassaustraat 12-16	Shop	1994	1900	301	3	1	–	83

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)
Veerstraat 11 and 11d	Shop	1990	1900	360	2	–	–	105
Capelle a/d IJssel								
De Wingerd 247-267	Shopping centre	1993	1969	1,589	5	1	–	276
Lylantse Baan 7	Retail warehouse	1990	1985	13,702	3	–	150	899
Coevorden								
Friesestraat 14 / Weeshuisstraat 9	Shop	1997	1950	203	1	3	–	54
Culemborg								
Everwijnstraat 6-14 / Markt 53	Shop	1999	1989	535	6	–	–	101
Dalfsen								
Van Bloemendalstraat 6-8 / Wilhelminastraat 5	Shop	1997	1991	430	3	1	–	61
Dedemsvaart								
Julianastraat 13-19	Shop	1997	1922	1,190	4	–	–	142
Delft								
Hippolytusbuurt 1 / Nieuwstraat	Shop	1997	1700	750	1	–	–	105
Markt 23	Shop	1990	1906	37	1	3	–	43
Oude Langendijk 2	Shop	1996	1906	120	1	–	–	37
Oude Langendijk 11	Shop	1987	1906	150	1	–	–	53
Wijnhaven 9 / Oude Delft 92	Shop	1986	1700	139	1	–	–	38
Deventer								
Brink 95 / Spijkerboorsteeg 33 and 37	Shop	1995	1850	127	2	2	–	54
Lange Bisschopstraat 7	Shop	1990	1900	986	2	–	–	103
Lange Bisschopstraat 11-15	Shop	1993	1800	310	2	1	–	79
Lange Bisschopstraat 34	Shop	1991	1900	278	1	–	–	47
Lange Bisschopstraat 50	Shop	1993	1800	210	1	1	–	106
Didam								
Hoofdstraat 5-7	Shop	1997	1960	520	1	1	–	50
Oranjestraat 6-10	Shop	1997	1978	520	1	1	–	48
Doetinchem								
Dr. Huber Noodstraat 2	Shop	1997	1968	1,825	5	–	–	291
Korte Heezenstraat 6 / Heezenpoort 13-15 and 21	Shop	1994	1985	310	5	–	–	86
Nieuwstad 57-59	Shop	1988	1988	1,686	2	–	–	138
Doorwerth								
Mozartlaan 52-66 / van der Molenallee 107-125	Shopping centre	1997	1972	2,854	12	–	–	450
Dordrecht								
Voorstraat 262	Shop	1996	1800	175	1	–	–	116
Voorstraat 276 / Vriesestraat 1	Shop	1991	1800	285	2	1	–	75
Drachten								
Zuidkade 2	Shop	1995	1900	150	1	1	–	49
Eerbeek								
Stuyvenburchstraat 44	Shop	1997	1965	350	2	2	–	76
Stuyvenburchstraat 141	Shop	1998	1950	420	1	2	–	54
Eindhoven								
Franz Leharplein 3	Shop	1994	1963	178	1	–	–	29
Franz Leharplein 5-7 / Willaertplein 12-13	Shop	1993	1973	868	5	–	–	111
Frederiklaan 108-110 / Schootsestraat 101-109	Shop	1987	1966	2,070	5	3	–	209
Orionstraat 137-159	Shopping centre	1993	1973	3,102	12	–	–	465
Rechtestraat 25	Shop	1992	1930	100	1	–	–	115
Rechtestraat 44-48	Shop	1988	1966	3,273	2	–	–	561
Winkelcentrum 'Woensel' 113	Shopping centre	1994	1970	115	1	–	–	76
Woenselse Markt 19-21	Shop	1994	1979	810	1	4	–	139
Elst								
Kleine Molenstraat 6	Shop	1997	1951	582	2	–	–	81

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)
Emmeloord								
Lange Nering 65	Shop	1993	1960	263	1	1	–	62
Enschede								
Boulevard 1945 nr, 372	Shop	1999	1984	3,460	2	–	75	381
Kalanderstraat 6	Shop	1993	1950	124	1	–	–	92
Langestraat 9-17a / Achter het Hofje 2	Shop	1987	1930	2,030	10	1	–	359
Raadhuisstraat 9	Shop	1990	1954	289	1	–	–	58
Geldermalsen								
Geldersestraat 15	Shop	1997	1930	140	1	–	–	31
't Hooghuys 1-6	Shop	1997	1968	680	3	–	–	92
Goes								
Lange Kerkstraat 9	Shop	1994	1920	65	1	–	–	33
Goor								
Grotestraat 57-59 and 63	Shop	1994	1910	859	2	1	–	61
Gouda								
Hoogstraat 5	Shop	1988	1900	190	1	–	–	44
Kleiweg 77-95	Shop	1994	1900	1,200	4	5	–	449
Kleiweg 103 / Regentesseplantsoen	Shop	1990	1988	862	4	–	–	215
Markt 52	Shop	1990	1900	284	1	–	–	44
Groesbeek								
Spoorlaan 1	Shop	1988	1989	1,100	1	–	–	142
Groningen								
Brugstraat 2-6 / Schuitemakersstraat 1	Shop	1995	1905	840	2	–	–	147
Dierenriemstraat 198/2	Shop	1993	1992	914	1	–	–	108
Herestraat 41	Shop	1994	1991	270	1	–	–	140
Stoeldraaierstraat 17	Shop	1990	1953	266	1	10	–	62
Vismarkt 31-31a-c	Shop	1993	1880	275	1	5	–	123
Haaksbergen								
Spoorstraat 45	Shop	1997	1986	800	1	1	–	82
Haarlem								
Gen. Cronjéstraat 56-58 / Kloosterstraat 10	Shop	1996	1920	200	1	2	–	70
Grote Houtstraat 90	Shop	1988	1850	96	1	–	–	60
Hardenberg								
Fortuinstraat 21	Shop	1997	1985	300	1	–	–	40
Voorstraat 10	Shop	1997	1930	1,173	1	–	–	128
Harderwijk								
Markt 14	Shop	1991	1875	470	1	–	–	71
Shopping centre 'Vuldersbrink'	Shopping centre	1998	1978	4,735	15	–	–	714
Harlingen								
Kleine Bredeplaats 8a-10a / Grote Bredeplaats 26-26b	Shop	1997	1990	658	2	3	–	96
Voorstraat 71	Shop	1997	1900	294	1	1	–	55
Harmelen								
Dorpsstraat 152-154 and 154a-154f	Shop	1998	1991	1,000	1	7	–	207
Heemstede								
Binnenweg 135-137	Shop	1989	1924	65	1	1	–	32
Binnenweg 167 / Binnendoor 1-13	Shop	1989	1986	317	5	–	–	90
Binnenweg 181 / Binnendoor 6	Shop	1989	1900	196	1	–	–	51
Heerde								
Dorpsstraat 57-61	Shop	1998	1994	1,270	1	2	–	176
Heerlen								
In de Cramer 140	Retail warehouse	2007	2007	6,000	1	–	120	459
Saroleastraat 38	Shop	1994	1930	225	1	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)
Helden Panningen								
Kepringelehof 3-5 and 9-11	Shop	1998	1991	2,990	4	–	147	337
Helmond								
Markt 15-25 / Veestraat 2a	Shop	1998	1978	1,615	4	1	–	256
Veestraat 1	Shop	1994	1950	240	1	–	–	88
Veestraat 39	Shop	1994	1960	136	1	–	–	38
Hengelo								
De Telgen 9	Shop	1993	1920	105	1	1	–	64
Molenstraat 4	Shop	1991	1991	120	1	1	–	37
Wegtersweg 4	Retail warehouse	2006	2006	4,622	1	–	100	347
's-Hertogenbosch								
Hinthamerstraat 48	Shop	1988	1900	130	1	2	–	73
Hoge Steenweg 19-23	Shop	1994	1800	555	2	8	–	208
Schapenmarkt 17-21	Shop	1988	1890	476	1	–	–	136
Hillegom								
Hoofdstraat 66	Shop	1997	1930	115	1	1	–	47
Hilversum								
Kerkstraat 55	Shop	1994	1950	130	1	–	–	66
Kerkstraat 87	Shop	1988	1905	100	1	–	–	58
Kerkstraat 91	Shop	1994	1850	250	2	–	–	58
Kerkstraat 98	Shop	1990	1927	77	1	1	–	56
Schoutenstraat 6	Shop	1987	1923	65	1	–	–	35
Schoutenstraat 8	Shop	1986	1923	122	–	–	–	49
Hoogeveen								
Hoofdstraat 157	Shop	1993	1960	75	1	–	–	36
Hoogezand								
Gorecht Oost 133-135	Shop	1993	1970	160	2	–	–	58
Hoorn								
Grote Noord 114	Shop	1996	1912	85	1	–	–	31
Grote Noord 118	Shop	1994	1900	80	1	1	–	49
Nieuwsteeg 24	Shop	1994	1920	134	1	1	–	65
Houten								
Onderdoor 3-13	Other	2006	1984	2,187	3	–	14	291
Shopping centre 'Het Rond' 2)	Shopping centre	90/93	98/08	27,991	116	–	505	6,331
IJsselstein								
Utrechtsestraat 45	Shop	2007	–	580	1	–	–	93
Utrechtsestraat 75	Shop	1990	1911	300	1	–	–	71
Joure								
Midstraat 153-163	Shop	1998	1981	2,519	6	5	–	379
Kerkrade								
Hoofdstraat 13	Shop	1998	1985	194	1	1	–	36
Krimpen a/d IJssel								
Brink 1-7	Shop	1993	1978	1,168	5	–	–	170
Leek								
Tolberterstraat 3-5	Shop	1997	1996	565	2	1	–	75
Leeuwarden								
Ruiterskwartier 127	Shop	1995	1929	291	1	–	–	38
Ruiterskwartier 135	Shop	1995	1930	70	1	–	–	45
Wirdumerdijk 7 / Weaze 16	Shop	1994	1920	520	2	1	–	187
Leiden								
Botermarkt 4-5	Shop	1988	1928	732	2	–	–	98
Haarlemmerstraat 53	Shop	1996	1928	85	1	–	–	56
Haarlemmerstraat 202 / v.d. Werfstraat 39	Shop	1994	1928	110	1	5	–	52

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)
Haarlemmerstraat 208 / Duizenddraadsteeg 2	Shop	1993	1928	72	1	1	–	36
Haarlemmerstraat 213	Shop	1990	1928	546	1	–	–	86
Maarsmansteeg 2	Shop	1989	1928	121	1	–	–	27
Vismarkt 2-3	Shop	1993	1900	135	1	3	–	48
Lelystad								
Stadhuisplein 75 1)	Shop	1996	1985	1,632	1	–	–	233
Stadhuisstraat 2 1)	Shop	1995	1975	487	2	–	–	125
Leusden								
Grutterij 6	Shopping centre	1996	1980	150	1	–	–	42
Maastricht								
Muntstraat 16-18	Shop	1989	1897	135	1	–	–	96
Muntstraat 20	Shop	1987	1891	110	1	–	–	102
Wolfstraat 8 / Minckelersstraat 1	Shop	1992	1883	789	3	–	–	308
Meppel								
Hoofdstraat 50	Shop	1990	1980	143	1	–	–	30
Middelburg								
Korte Delft 1	Shop	1991	1950	210	2	–	–	31
Lange Delft 59	Shop	1991	1850	200	1	–	–	49
Middelharnis								
Westdijk 22-24	Shop	1997	1990	325	1	–	–	61
Mijdrecht								
Prinses Margrietlaan 24-52	Shopping centre	1993	1965	2,225	10	–	–	364
Nijkerk								
Oosterstraat 2-2a and 4-4a	Shop	1997	1969	420	2	2	–	48
Nijmegen								
Broerstraat 26 / Scheidemakershof 37	Shop	1993	1960	161	1	3	–	98
Broerstraat 70 / Plein 1944 nr. 151	Shop	1989	1951	2,020	5	–	–	371
Houtstraat 35 / T. Brandsmastraat 1-3	Shop	1989	1951	204	1	7	–	67
Molenstraat 130-134 / Piersonstraat 75-77	Shop	1988	1900	1,231	3	–	–	152
Molenstraat 136	Shop	1988	1925	60	1	–	–	25
Molenstraat 140 / 1e Walstraat 2	Shop	1989	1918	400	1	3	–	117
Plein 1944 nr. 2	Shop	1988	1957	164	1	7	–	55
Oosterhout								
Arendshof 48-52	Shopping centre	2000	1963	349	1	–	–	106
Arendstraat 9-11	Shop	1994	1982	889	4	–	–	170
Arendstraat 13	Shop	1994	1989	440	2	1	–	168
Oss								
Heschepad 49-51 / Molenstraat 21-25	Shop	1986	1983	2,803	3	–	–	315
Purmerend								
Hoogstraat 19 / Zuidersteeg 16	Shop	1993	1978	999	2	1	–	164
Kaasmarkt 7 / Westersteeg 1	Shop	1994	1920	135	1	1	–	52
Padjedijk 4 / Barak 1	Shop	1989	1900	82	1	1	–	25
Padjedijk 6-8	Shop	1989	1800	257	2	–	–	54
Renkum								
Dorpsstraat 21-23	Shop	1997	1907	520	1	–	–	51
Ridderkerk								
St. Jorisplein 30	Shop	1994	1970	325	3	–	–	101
Roden								
Heerestraat 94	Shop	1997	1967	280	2	–	–	52
Roermond								
Hamstraat 34-38 / Veldstraat 19	Shop	1998	1996	1,763	2	–	6	139
Schaarbroekerweg 14-58	Shopping centre	2008	2007	34,098	18	–	1,250	3,775
Schoenmakersstraat 2	Shop	1994	1900	140	1	–	–	75

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)
Steenweg 1 / Schoenmakersstraat 6-18	Shop	1986	1980	2,225	9	–	–	336
Roosendaal								
Nieuwe Markt 51	Shop	1994	1960	200	1	–	–	50
Rotterdam								
Keizerswaard 73	Shopping centre	1996	1992	280	1	–	–	82
Korte Hoogstraat 15	Shop	1988	1952	1,423	5	–	–	186
Korte Hoogstraat 22-26 / Soetensteeg 1	Shop	1993	1952	940	4	–	–	129
Lijnbaan 35-43	Shop	1987	1955	912	4	–	–	221
Noordmolenstraat 57-59	Shop	1987	1983	220	1	1	–	66
Zuidplein Hoog 587	Shopping centre	1995	1972	160	1	–	–	70
Zuidplein Hoog 611	Shopping centre	1994	1972	37	1	–	–	27
Zuidplein Hoog 731	Shopping centre	1995	1972	50	1	–	–	52
Zwart Janstraat 4	Shop	1988	1892	96	1	3	–	45
Zwart Janstraat 8	Shop	1988	1892	120	1	2	–	48
Zwart Janstraat 24	Shop	1988	1892	83	1	2	–	37
Zwart Janstraat 34	Shop	1991	1887	95	1	1	–	30
Zwart Janstraat 36-38	Shop	1994	1887	200	1	4	–	82
Zwart Janstraat 55-59	Shop	1987	1950	316	2	4	–	98
Zwart Janstraat 58-60	Shop	1992	1888	160	1	2	–	58
Zwart Janstraat 63	Shop	1990	1893	70	1	1	–	24
Zwart Janstraat 71-73	Shop	1994	1900	200	1	2	–	56
Zwart Janstraat 72	Shop	1991	1888	95	1	2	–	34
Zwart Janstraat 84	Shop	1994	1920	92	1	2	–	33
Schiedam								
Hof van Spaland 35 1)	Shopping centre	1997	1970	217	1	–	–	44
Hof van Spaland 36 1)	Shopping centre	1996	1978	205	1	–	–	40
Hof van Spaland 40 1)	Shopping centre	1996	1978	130	1	–	–	37
Schoonhoven								
Lopikerstraat 27-29	Shop	1998	1977	320	1	2	–	67
Schoorl								
Heerweg 3-5 / Duinvoetweg 2-4	Shop	1998	1992	1,500	3	–	–	194
Sittard								
De Kemperkoul	Shopping centre	1993	1987	1,771	8	–	–	318
Sneek								
Oosterdijk 58	Shop	1996	1940	75	1	–	–	38
Schaapmarktplein 4	Shop	1994	1852	260	1	–	–	41
Soest								
Dillenburglaan 2 / Van Weedestraat 141-149	Shop	1993	1984	1,834	8	–	–	275
St.Oedenrode								
Heuvel 32	Shop	1997	1940	220	1	–	–	29
Stadskanaal								
Europaplein 3	Shop	1994	1970	160	1	–	–	40
Europaplein 20	Shop	1993	1970	150	1	–	–	26
Europaplein 53	Shop	1997	1983	100	1	–	–	23
Europaplein 60 and 73	Shop	1997	1983	241	2	–	–	63
Navolaan 12	Shop	1993	1968	963	5	–	–	128
Steenwijk								
Oosterstraat 22-26	Shop	1994	1900	272	1	1	–	57
The Hague								
Fahrenheitstraat 567-571	Shop	1991	1930	165	1	2	–	64
Frederik Hendriklaan 101-103	Shop	1989	1995	90	1	3	–	61
Frederik Hendriklaan 128 / v. Beuningenstraat 48	Shop	1987	1990	125	1	2	–	55
Gravenstraat 1	Shop	1993	1916	382	1	–	–	67

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)
Grote Markt 4	Shop	1990	1900	964	1	–	–	197
Hoogstraat 24-26	Shop	1988	1923	319	1	–	–	67
Hoogstraat 27-27a	Shop	1986	1916	530	1	–	–	109
Korte Poten 10	Shop	1989	1916	56	1	–	–	28
Korte Poten 13	Shop	1990	1916	120	1	–	–	67
Korte Poten 42	Shop	1987	1900	55	1	2	–	48
Korte Poten 46 / Bleyenburg 35-37	Shop	1990	1920	131	2	–	–	37
Lange Poten 7	Shop	1989	1937	22	1	–	–	32
Lange Poten 21	Shop	1989	1916	203	2	2	–	113
Noordeinde 9 / Hartogstraat 1	Shop	1988	1916	100	1	–	–	77
Noordeinde 16-18	Shop	1989	1888	530	4	1	–	114
Noordeinde 48	Shop	1988	1921	80	1	–	–	57
Noordeinde 54 / Molenstraat 1	Shop	1989	1919	90	1	1	–	72
Plaats 17 and 21-23	Shop	1990	1916	810	2	–	–	125
Plaats 25	Shop	1987	1920	517	1	–	–	65
Plein 10	Shop	1988	1920	642	1	–	–	115
Plein 11	Shop	1987	1917	276	1	–	–	71
Spuistraat 13	Shop	1988	1930	858	1	–	–	301
Venestraat 43	Shop	1989	1916	48	1	–	–	39
Vlamingstraat 43	Shop	1995	1916	163	1	–	–	85
Tiel								
Waterstraat 29 / Kerkstraat 2b	Shop	1994	1850	120	1	1	–	45
Waterstraat 51a	Shop	1994	1920	65	1	–	–	42
Tilburg								
Heuvel 29-31 / J. v. Stolbergstraat 2-6	Shop	1994	1920	298	3	3	–	135
Westermarkt 16-17	Shopping centre	2008	1963	1,919	1	–	–	289
Westermarkt 28-29 and 35-37	Shopping centre	1993	1963	2,274	6	–	–	314
Westermarkt 33	Shopping centre	2008	1963	223	1	–	–	29
Westermarkt 38	Shopping centre	1993	1962	2,696	2	–	–	326
Westermarkt 139-141	Shopping centre	1994	1961	502	1	–	–	129
Uden								
Marktstraat 32	Shop	1994	1958	420	2	1	–	116
Utrecht								
Achter Clarenburg 19	Shop	1987	1975	91	1	–	–	45
Choorstraat 13	Shop	1987	1900	139	1	1	–	59
Lange Elisabethstraat 6	Shop	1987	1850	136	1	–	–	79
Lange Elisabethstraat 36	Shop	1993	1850	188	1	–	–	96
Nachtegaalstraat 55	Shop	1994	1904	2,000	2	2	–	231
Oudegracht 126-128	Shop	1990	1930	209	2	1	–	64
Oudegracht 134-136 / Vinkenburgstraat 8 and 12-14	Shop	1987	1900	2,482	9	5	–	546
Oudegracht 153	Shop	1997	1904	819	3	–	–	168
Oudegracht 161	Shop	1997	1900	1,963	4	–	–	533
Rijnlaan 6	Shop	1994	1930	145	1	1	–	30
Roelantdreef 249 1)	Shopping centre	1994	1970	170	1	–	–	84
Steenweg 9 / Choorstraat 9-9bis	Shop	1990	1900	578	2	3	–	146
Vaassen								
Dorpsstraat 22	Shop	1990	1981	550	–	–	–	70
Veenendaal								
Hoofdstraat 25	Shop	1990	1930	260	1	–	–	52
Hoofdstraat 40-42 / Tuinstraat 95-97	Shop	1988	1967	1,413	3	–	–	118
Veghel								
Kalverstraat 8-16	Shop	1993	1988	446	3	3	–	98

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)
Velp								
Hoofdstraat 77-79	Shop	1997	1937	440	1	–	–	59
Venlo								
Lomstraat 30-32	Shop	1993	1960	465	1	–	–	147
Lomstraat 33	Shop	1994	1970	50	1	–	–	32
Vleesstraat 74	Shop	1989	1953	120	–	1	–	38
Venray								
Grotestraat 2-4 / Grote Markt 2a-4	Shop	1986	1946	1,166	4	–	–	154
Vianen								
Voorstraat 84	Shop	1998	1932	150	1	1	–	40
Vriezenveen								
Westeinde 19-29	Shop	1993	1938	2,720	9	–	80	307
Wageningen								
Stadsbrink 2-42 and 69-71	Shopping centre	1999	1986	6,058	14	–	–	530
Wassenaar								
Langstraat 188-190	Shop	1990	1981	290	1	–	–	67
Winschoten								
Langestraat 22 / Venne 109	Shop	1994	1900	70	1	–	–	27
Langestraat 24	Shop	1991	1960	500	2	–	–	66
Winterswijk								
Dingstraat 1-3	Shop	1998	1900	2,335	2	–	65	251
Misterstraat 8-10 / Torenstraat 5a and 5c	Shop	1996	1900	220	3	2	–	141
Misterstraat 12 / Torenstraat 5b	Shop	1991	1939	135	1	1	–	50
Misterstraat 14	Shop	1991	1989	473	3	–	–	95
Misterstraat 33	Shop	1999	1900	550	1	–	–	75
Misterstraat 43-45 / Tuinstraat 26-28	Shop	1998	1955	290	2	2	–	81
Weurden 2-4	Shop	1998	1977	278	2	3	–	62
Wooldstraat 26	Shop	1999	1900	607	2	–	–	82
Zaandam								
Gedempte Gracht 37 / Rozengracht 90	Shop	1993	1888	235	2	–	–	72
Gedempte Gracht 80 / Vinkenstraat 41	Shop	1993	1920	55	1	1	–	30
Westzijde 24-30 and 86	Shop	1989	1987	2,292	6	–	55	349
Zeewolde								
Flevoplein 1-6	Shopping centre	1994	1991	2,033	5	–	–	295
Kerkplein 23 / Torenstraat 3	Shop	1997	1991	328	3	5	–	93
Kerkstraat 6-18	Shop	1997	1996	689	4	2	–	135
Zeist								
Slotlaan 194 / Huydecoperweg 9a	Shop	1999	1981	90	1	1	–	45
Zoetermeer								
Lijnbaan 285-297	Shopping centre	1994	1988	2,482	8	–	–	420
Zundert								
Markt 16a and 17-18	Shop	1998	1965	1,062	3	–	–	132
Zutphen								
Beukerstraat 28	Shop	1989	1800	296	1	–	–	48
Beukerstraat 40	Shop	1989	1838	335	1	–	–	41
Zwolle								
Broerenstraat 7	Shop	1994	1930	72	1	–	–	15
Diezerstraat 62	Shop	1996	1910	95	1	–	–	80
Diezerstraat 78	Shop	1990	1832	140	1	–	–	64
Kleine A 11-13 / Broerenkerkplein 2-6	Shop	1989	1989	1,050	1	3	–	194

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)
Luttekestraat 26 / Ossenmarkt 1a	Shop	1990	1930	65	1	1	–	31
Roggenstraat 3	Shop	1994	1800	104	1	–	–	38
Roggenstraat 6	Shop	1987	1900	106	1	–	–	42
Total investment properties in operation the Netherlands				**292,477**	**827**	**291**	**2,367**	**50,961**

Spain

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)
Alicante								
'Parque Vistahermosa'								
Avenida Antonio Ramos Carratalá 56-60	Retail warehouse	1998	2002	24,152	6	–	1,400	3,642
Badalona								
'Centro Comercial Montigalá'								
Passeig Olof Palme 28-36	Shopping centre	1998	1991	8,807	57	–	2,618	3,655
Barcelona								
Ronda de Universidad 35	Shop	2000	<1950	645	1	–	–	198
Burgos								
'Centro Comercial El Mirador'								
Carretera de Santener	Shopping centre	99/01	1997	9,832	46	–	1,500	2,176
Castellón de la Plana								
Calle Grecia 4	Retail warehouse	2001	2003	5,109	1	–	–	872
Leon								
Avenida Ordoño II 18	Shop	2001	<1950	591	1	–	–	223
Madrid								
Calle de Fuencarral 23	Shop	2006	<1950	256	1	–	–	332
Calle de Fuencarral 25	Shop	2006	<1950	120	1	–	–	143
Calle Serrano 36	Shop	1999	<1950	615	1	–	–	544
Calle Tetuân 19 / Calle Carmen 3	Shop	2002	<1950	429	1	–	–	490
'Centro Comercial Getafe III' 1)								
Avenida Juan Carlos I, 1	Shopping centre	2006	2006	20,328	55	–	1,200	3,886
'Centro Comercial Las Rosas'								
Avenida Guadalajara s/No	Shopping centre	99/01	1998	8,254	110	–	1,800	4,528
'Centro Comercial Madrid Sur'								
Avenida Pablo Neruda 91-97	Shopping centre	2003	1998	23,405	73	–	2,500	5,770
Malaga								
'Centro Comercial La Rosaleda'								
Avenida Simon Bolivar	Shopping centre	1998	1993	15,336	88	–	3,200	5,014
Murcia								
'Centro Comercial Las Atalayas'								
C/Molina de Segura s/no	Shopping centre	99/01	1993	10,342	48	–	2,222	3,049
Total investment properties in operation Spain				**128,221**	**490**	**–**	**16,440**	**34,522**

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)
France								
Agen								
Boulevard de la République 36	Shop	2001	1950	700	1	–	–	94
Alençon								
Rue de la Cave aux Boeufs 1-7 / Rue de Cygne 12	Shop	2001	1950	2,368	2	–	–	228
Amiens								
Rue des Trois Cailloux 7-9	Shop	2000	1950	560	1	–	–	282
Angers								
Rue d'Alsace 9	Shop	2001	1950	67	1	–	–	50
Rue Lenepveu 25-29	Shop	1998	1990	4,664	5	–	–	988
Annecy								
Rue Vaugelas 22	Shop	2001	1950	60	1	–	–	16
Armentières								
Place de Gaulle 31	Shop	2007	1945	180	1	–	–	25
Arras								
Rue Ernestale 31-35	Shop	2006	1920	947	2	–	–	371
Augny								
Rue du Bois d'Orly 23	Retail warehouse	2008	2005	1,570	2	–	–	177
Rue du Bois d'Orly 32	Retail warehouse	2007	1990	3,173	1	–	–	150
Aulnoyes Aymeries								
Allée des Grands Chênes 34	Other	2007	1970	–	–	1	–	8
Anatole France 45	Shop	2007	1945	137	1	–	–	12
Rue Ampère 9	Other	2007	1950	–	–	1	–	3
Besançon								
Grande Rue 22 / Place Pasteur 3	Shop	2001	1950	104	2	–	–	54
Boulogne sur Mer								
Rue Adolphe Thiers 29	Shop	2001	1950	246	1	–	–	36
Bourges								
Rue Mirebeau 14	Shop	2001	1950	50	1	–	–	23
Rue Mirebeau 16	Shop	2001	1950	71	–	–	–	38
Brest								
Rue de Siam 70	Shop	2000	1950	818	1	–	–	94
Cannes								
Rue d'Antibes 40	Shop	2000	1950	948	1	–	–	328
Carcasonne								
Place Carnot 16	Shop	2001	1950	90	1	–	–	20
Chambéry								
Place Saint-Léger 228	Shop	2001	1950	40	1	–	–	50
Charleville-Mézières								
Rue de la République 35-37	Shop	2001	1950	105	1	–	–	41
Chaumont								
Rue Victoire de la Marne 28-42	Shop	2001	1950	1,370	3	–	–	171
Dax								
Rue des Carmes 7-9	Shop	2001	1950	248	1	–	–	53
Dieppe								
Grande-Rue 84-86	Shop	2001	1950	100	1	–	–	52
Dijon								
Rue du Bourg 39 bis / Rue Jules Mercier 20 bis	Shop	2001	1950	40	1	–	–	35
Douai								
Avenue Clémenceau 21	Shop	2007	1900	318	1	–	–	9
Dunkirk								
Centre Commercial 'Centre Marine'								

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)
Place Emile Bollaert 1)	Shopping centre	2005	2000	10,294	18	–	–	2,167
Ferrière la Grande								
Résidence Delattre	Other	2007	1970	1,150	–	20	–	89
Frouard								
Rue des Bois 12	Retail warehouse	2007	1985	1,155	1	–	–	137
Grenoble								
Grande Rue 11	Shop	2001	1950	73	1	–	–	21
Rue des Clercs 18	Shop	2001	1950	75	1	–	–	23
La Garde								
Quatre Chemin de la Pauline	Retail warehouse	2007	2005	1,967	5	–	89	394
Laval								
Rue du Général de Gaulle 41 / Rue de Rennes 14	Shop	2001	1950	450	1	–	–	52
Le Touquet								
Rue de Metz 73	Shop	2007	1950	260	1	–	–	9
Lille								
Avenue Foch 21	Other	2007	1970	260	1	–	–	45
Avenue Kuhlmann 187	Other	2007	< 1900	–	–	1	–	7
Avenue Lelièvre 364	Other	2007	< 1900	–	–	1	–	2
Boulevard de la Liberté 62	Shop	2007	1945	79	1	–	–	17
Parc Notre Dame 6	Other	2007	< 1900	–	–	1	–	6
Place CA Roussel Etienne 32	Other	2007	1950	–	–	9	–	39
Place CA Roussel Etienne 33	Shop	2007	1950	126	1	–	–	14
Place de Béthune 13	Shop	2007	1950	155	1	–	–	114
Place de la Gare 8	Shop	2007	1945	314	1	–	–	20
Place de la Gare 42	Shop	2007	1945	1,317	2	–	–	82
Place de la République 4 bis	Shop	2007	1945	162	1	–	–	23
Place des Patiniers 1 bis	Shop	2007	1900	112	1	–	–	45
Place des Patiniers 2	Shop	2007	1945	132	1	–	–	32
Place des Reignaux 16	Shop	2007	1950	290	1	–	–	28
Place du Lion d'Or 9	Shop	2007	< 1900	150	1	–	–	15
Place Louise de Bettignies 15-17	Shop	2007	< 1900	352	1	–	–	182
Rue Basse 8	Shop	2007	1930	293	2	–	–	54
Rue de la Barre 8	Shop	2007	1987	47	1	–	–	12
Rue de la Cléf 43	Other	2007	1950	–	1	–	1	1
Rue de la Monnaie 2 / Place Louis de Bettignes 11-15	Shop	2007	< 1900	240	1	4	–	284
Rue de la Monnaie 4	Shop	2007	< 1900	103	1	–	–	58
Rue de la Monnaie 6	Shop	2007	< 1900	126	1	–	–	63
Rue de la Monnaie 6 bis	Shop	2007	< 1900	83	1	–	–	45
Rue de la Monnaie 12	Shop	2007	< 1900	168	1	–	–	4
Rue de la Monnaie 13	Shop	2007	< 1900	85	1	–	–	75
Rue de la Monnaie 83	Shop	2007	< 1900	68	1	2	–	58
Rue de Paris 20	Shop	2007	< 1900	336	1	–	–	76
Rue de Paris 38	Shop	2007	< 1900	100	1	1	–	67
Rue de Paris 42	Shop	2007	< 1900	200	1	–	–	97
Rue des Chats Bossus 13	Shop	2007	< 1900	418	1	–	–	136
Rue des Chats Bossus 21	Shop	2007	< 1900	168	1	–	–	152
Rue des Fleurs 21	Other	2007	< 1900	–	–	1	–	1
Rue des Ponts de Comines 19 bis	Shop	2007	1945	353	1	4	–	200
Rue des Ponts de Comines 30	Shop	2007	1945	267	1	–	–	161
Rue des Ponts de Comines 31	Shop	2007	1945	179	1	–	–	11
Rue des Ponts de Comines 32	Shop	2007	1945	197	1	–	–	63
Rue Destailleurs 56	Other	2007	< 1900	–	–	1	–	1
Rue du Curé St Etienne 6	Shop	2007	1950	153	1	–	–	25

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 du Curé St Etienne 17	Shop	2007	< 1900	172	1	–	–	76
Rue du Curé St Etienne 70	Other	2007	< 1900	–	1	–	–	22
Rue du Faisan 6	Shop	2007	1950	105	1	–	–	14
Rue du Gal de Wett 1	Other	2007	1960	–	–	2	–	12
Rue du Sec Arembault 24	Shop	2007	1945	78	1	–	–	42
Rue Faidherbe 28-30	Shop	2007	1945	102	1	–	–	71
Rue Faidherbe 38	Shop	2007	1945	59	1	–	–	45
Rue Faidherbe 42	Shop	2007	1945	86	1	–	–	5
Rue Faidherbe 44	Shop	2007	1945	142	1	–	–	19
Rue Faidherbe 48	Shop	2007	1945	135	1	–	–	78
Rue Faidherbe 50	Shop	2007	1945	308	1	–	–	26
Rue Faidherbe 52	Other	2007	1945	–	–	1	–	10
Rue Faidherbe 54	Shop	2007	1945	176	1	–	–	68
Rue Gambetta 32	Shop	2007	1945	88	1	–	–	26
Rue Gambetta 163	Shop	2007	1945	101	1	–	–	21
Rue Gambetta 238	Shop	2007	1950	115	1	–	–	34
Rue Gay Lussac 17	Other	2007	1900	–	–	20	–	182
Rue Grande Chaussée 25	Shop	2007	< 1900	200	1	–	–	37
Rue Grande Chaussée 29	Shop	2007	< 1900	236	1	1	–	79
Rue Grande Chaussée 33-35	Shop	2007	< 1900	429	1	–	–	158
Rue J. Giélée 106	Other	2007	1945	–	–	6	–	32
Rue Léon Thiriez 98	Other	2007	< 1900	–	–	1	–	7
Rue Léon Thiriez 99	Other	2007	< 1900	–	–	1	–	7
Rue Léon Thiriez 104	Other	2007	< 1900	–	–	1	–	7
Rue Thiers 37-43	Other	2007	1990	–	–	–	1	1
Square Dutilleul	Other	2007	2008	–	–	–	2	4
Limoges								
Centre Commercial 'Beaubreuil'	Shopping centre	2006	1980	4,488	14	–	–	489
Centre Commercial 'Limoges Corgnac'	Shopping centre	2007	1920	5,529	18	–	–	1,590
Lyon								
Rue Victor Hugo 5	Shop	2001	1950	90	1	–	–	66
Mâcon								
Rue Carnot 111 / Rue Rameau 39	Shop	2001	1950	160	1	–	–	77
Rue Philibert Laguiche 11-13 / Place aux Herbes 53-56	Shop	2001	1950	1,148	1	–	–	78
Marseille								
Rue Saint Ferréol 29	Shop	2007	1980	249	1	–	–	135
Nancy								
Rue Saint-Jean 45-55	Shop	1998	1990	4,915	8	–	–	1,972
Nice								
Avenue Jean Médecin 8 bis / Rue Gustave Deloye 5	Shop	2001	1950	362	1	–	–	181
Route de Grenoble 604	Retail warehouse	1999	1990	2,067	1	–	–	538
Paris								
Boulevard Saint-Germain 104	Shop	1995	1950	1,278	1	–	–	714
Rue d'Alésia 123	Shop	2006	1956	422	1	–	1	286
Rue de Rivoli 118-120	Shop	1997	1950	3,341	11	8	5	3,137
Rue Montmartre 17	Shop	2007	1951	270	1	–	–	160
Roanne								
Rue Bourgneuf 18 / Passage Bourgneuf 7 / Rue Charles de Gaule 51-53	Shop	2001	1950	812	3	3	–	157
Roncq								
Avenue de l'Europe 20	Retail warehouse	2007	2000	2,700	1	–	–	159
Roubaix								
Grande Rue 21	Shop	2007	1900	1,059	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)
Place de la Liberté 2	Shop	2007	1900	52	1	–	–	3
Ter Grande Rue 56	Shop	2007	1900	40	1	–	–	5
Saint Etienne								
Rue Saint-Jean 27	Shop	2001	1950	60	1	–	–	10
Seclin								
Rue de l'Industrie	Retail warehouse	2007	2000	12,000	1	–	–	227
Soissons								
Rue Saint-Martin 57	Shop	2001	1950	400	1	–	–	53
Thoiry								
Centre Commercial 'Val Thoiry'	Shopping centre	1998	1993	14,825	62	–	–	5,165
Thonon les Bains								
Rue des Arts 16	Shop	2001	1950	320	1	–	–	86
Toulon								
Rue de Jean Jaures 82 / Rue Racine 11	Shop	2000	1950	1,609	3	–	–	156
Troyes								
Rue Emile Zola 113 / Rue Larivey 1-3	Shop	2007	1948	359	1	–	–	169
Rue Émile Zola 117 / Rue Larivey	Shop	2001	1950	360	1	–	–	163
Valence								
Rue Victor Hugo 25 / Rue Pasteur 1-3	*Shop*	*2001*	*1950*	*200*	*1*	–	–	58
Vichy								
Rue Georges Clemenceau 12 / Rue Ravy-Breton 2	Shop	2001	1950	1,437	2	–	–	169
Total investment properties in operation France				**103,365**	**255**	**91**	**99**	**25,807**

Belgium [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)
Aalst								
Albrechtlaan 56 [1)]	Retail warehouse	2000	> 1980	1,000	1	–	–	70
Brusselsesteenweg 41	Retail warehouse	2007	> 1980	770	1	–	–	70
Nieuwstraat 10	Shop	1998	< 1950	151	1	–	–	66
Aartselaar								
Antwerpsesteenweg 13 / 4	Retail warehouse	2000	> 1980	1,334	2	–	–	110
Andenne								
Avenue Roi Albert 137-139	Retail warehouse	1999	> 1980	4,701	3	–	–	199
Ans								
Rue de Français 393	Retail warehouse	1999	> 1980	4,013	12	–	–	360
Antwerp								
Abdijstraat 29	Shop	1995	< 1950	198	1	–	–	31
Abdijstraat 82-84	Shop	1995	< 1950	167	1	–	–	51
Carnotstraat 18-20	Shop	2000	< 1950	1,299	1	–	–	106
De Keyserlei 47	Shop	2000	< 1950	62	1	–	–	48
De Keyserlei 49	Shop	2000	< 1950	102	1	–	–	60
Frankrijklei 27	Shop	1993	< 1950	654	1	1	–	82
Groendalstraat 11	Shop	2000	< 1950	48	1	–	–	27
Huidevettersstraat 12	Shop	1994	< 1950	721	1	–	–	278
Korte Gasthuisstraat 27	Shop	2000	< 1950	145	1	–	–	71
Leysstraat 17	Shop	2000	< 1950	325	1	2	–	169
Leysstraat 28-30	Shop	1997	< 1950	1,705	2	5	–	816
Meir 99	Shop	1996	< 1950	583	1	–	–	436
Schuttershofstraat 24 / Kelderstraat 7	Shop	2000	< 1950	106	1	–	–	69
Schuttershofstraat 30	Shop	2000	< 1950	66	1	–	–	73
Schuttershofstraat 32 / Arme Duivelstraat 2	Shop	2000	< 1950	54	1	–	–	61

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)
Balen								
Molsesteenweg 56	Retail warehouse	1999	> 1980	1,871	3	–	–	127
Bastogne								
Route de Marche 104	Retail warehouse	1999	> 1980	593	–	–	–	24
Beaumont								
Rue G. Michiels 40	Retail warehouse	1998	> 1980	1,113	1	–	–	104
Boechout								
Hovesesteenweg 123-127	Retail warehouse	2002	> 1980	1,022	1	–	–	70
Borgloon								
Sittardstraat 10	Retail warehouse	1999	> 1980	996	2	–	–	57
Bree								
Toleikstraat 30	Retail warehouse	1999	> 1980	855	1	–	–	58
Bruges								
Maalsesteenweg142	Retail warehouse	2007	> 1980	600	1	–	–	63
Steenstraat 80	Shop	1998	< 1950	2,058	2	–	–	841
Brussels								
Elsensesteenweg 16	Shop	1996	< 1950	1,325	3	–	–	245
Elsensesteenweg 41-43	Shop	1998	< 1950	6,577	7	–	–	1,498
Louizalaan 7	Shop	2000	< 1950	245	1	–	–	231
Nieuwstraat 98	Shop	2001	< 1950	150	1	–	–	210
Chênée								
Rue de la Station 23	Retail warehouse	2002	50/80	2,881	3	–	–	234
Diest								
Hasseltsestraat 15	Shop	1998	< 1950	198	1	–	–	37
Dilsen								
Rijksweg 17 nr. 770	Retail warehouse	1999	> 1980	992	1	–	–	78
Drogenbos								
Nieuwe Stallestraat 217	Retail warehouse	2007	> 1980	530	1	–	–	73
Flémalle								
Rue de la Fabrique 6	Retail warehouse	2002	> 1980	2,887	5	–	–	223
Froyennes								
Rue des Roselières 6	Retail warehouse	2000	> 1980	950	1	–	–	81
Genk								
Guillaume Lambertlaan 115	Retail warehouse	1999	> 1980	3,109	6	–	–	215
Hasseltweg 74	Retail warehouse	2002	> 1980	2,331	4	–	–	217
Ghent								
Veldstraat 81 / Zonnestraat 6-10	Shop	1998	< 1950	2,966	5	–	–	550
Volderstraat 15	Shop	1993	< 1950	279	1	–	–	96
Grivegnée								
Boulevard de Froidmont 29	Retail warehouse	2007	> 1980	1,100	2	–	–	104
Rue Servais Malaise	Retail warehouse	2002	> 1980	2,000	1	–	–	128
Hasselt								
Genkersteenweg 76	Retail warehouse	1999	> 1980	1,241	2	2	–	101
Genkersteenweg 215-219	Retail warehouse	2007	> 1980	1,745	2	–	–	165
Genkersteenweg 282	Retail warehouse	2000	> 1980	2,240	2	–	–	110
Heusden-Zolder								
Inakker	Retail warehouse	2002	> 1980	1,019	2	–	–	68
Hoboken								
Zeelandstraat 6-8	Retail warehouse	2002	> 1980	2,490	2	–	–	197
Huy								
Rue Joseph Wauters 3 [1)]	Retail warehouse	2007	> 1980	1,000	2	–	–	77
Jemappes								
Avenue Wilson 510	Retail warehouse	2007	> 1980	900	1	–	–	70

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)
Kampenhout								
Mechelsesteenweg 38-42	Retail warehouse	1999	> 1980	3,322	3	–	–	208
Korbeek-Lo								
Tiensesteenweg 378 1)	Retail warehouse	2007	> 1980	990	1	–	–	103
Kuurne								
Ringlaan 12	Retail warehouse	2007	> 1980	736	1	–	–	63
La Louvière								
Avenue de la Wallonie 1	Retail warehouse	2007	> 1980	1,620	2	–	–	141
Rue Albert 1er 84-86	Shop	2000	< 1950	198	1	–	–	65
Leopoldsburg								
Lidostraat 7	Retail warehouse	1999	> 1980	1,850	2	–	–	124
Leuven								
Bondgenotenlaan 69-73	Shop	2001	< 1950	1,495	2	–	–	581
Liège								
Rue Pont d'Ile 35	Shop	1998	< 1950	80	1	–	–	72
Rue Pont d'Ile 45	Shop	1998	< 1950	55	1	–	–	67
Rue Pont d'Ile 49	Shop	1998	< 1950	375	1	–	–	96
Malmédy								
Avenue des Alliés 14b	Retail warehouse	1999	> 1980	813	1	–	–	56
Mechelen								
Bruul 39-41	Shop	2000	< 1950	361	2	–	–	203
Bruul 42-44	Shop	2001	< 1950	2,948	2	–	–	639
Merksem								
Bredabaan 474-476	Shop	1998	50/80	467	1	–	–	76
Moeskroen								
Petite Rue 18	Shop	1998	< 1950	235	1	–	–	45
Mons								
Chaussée de Binche 101	Retail warehouse	2000	> 1980	1,000	1	–	–	85
Grand Rue 19	Shop	2000	< 1950	185	1	–	–	77
Rue de la Chaussée 31-33	Shop	1998	< 1950	397	2	1	–	145
Montignies-sur-Sambre								
Rue de la Persévérance 14	Retail warehouse	2007	> 1980	750	1	–	–	60
Mortsel								
Statielei 71-73	Shop	1998	50/80	430	2	–	–	132
Olen								
Lammerdries 6	Retail warehouse	1999	50/80	2,748	3	–	–	204
Overijse								
Hengstenberg	Retail warehouse	2007	> 1980	3,260	1	–	–	90
Overpelt								
Burgermeester Misottenstraat 3	Retail warehouse	2002	> 1980	877	2	–	–	83
Philippeville								
Rue de France	Retail warehouse	1999	> 1980	3,705	6	–	–	325
Schaarbeek								
Leuvensesteenweg 610-640	Retail warehouse	1999	> 1980	2,964	4	–	–	342
Schelle								
Provinciale Steenweg 453-455	Retail warehouse	99/02	> 1980	2,962	8	–	–	205
Scherpenheuvel								
Mannenberg 26	Retail warehouse	1999	> 1980	600	1	–	–	77
Sint-Job-in-'t-Goor								
Handelslei 10	Retail warehouse	2002	> 1980	600	1	–	–	66
Sint-Niklaas								
Kapelstraat 101	Retail warehouse	2007	> 1980	740	1	–	–	24

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)
Sint-Pieters-Leeuw								
Bergensesteenweg 458	Retail warehouse	2007	> 1980	750	1	–	–	73
Tielt-Winge								
Aarschotsesteenweg 1-6	Retail warehouse	99/02	> 1980	18,866	23	–	–	1,625
Tienen								
Slachthuisstraat 36	Retail warehouse	2002	> 1980	4,871	6	–	–	431
Tongres								
Shoppingcentre 'Julianus'								
Maastrichterstraat	Shopping centre	2008	> 1980	8,420	24	–	–	1,296
Turnhout								
Gasthuisstraat 5-7	Shop	2001	< 1950	1,045	1	–	–	360
Gasthuisstraat 32	Shop	1996	< 1950	1,743	1	–	–	281
Vilvoorde								
Leuvensestraat 43	Shop	1998	< 1950	1,338	1	–	–	175
Luchthavenlaan 5	Retail warehouse	1999	> 1980	6,345	3	–	–	498
Mechelsesteenweg 48	Retail warehouse	1999	> 1980	7,936	14	1	–	687
Waterloo								
Chaussée de Bruxelles 284	Retail warehouse	1993	50/80	1,198	1	–	–	119
Wavre								
Boulevard de l'Europe 41	Retail warehouse	2007	> 1980	860	1	–	–	128
Rue du Commerce 26	Shop	1998	< 1950	242	1	–	–	55
Rue du Pont du Christ 46 / Rue Barbier 15	Shop	1998	< 1950	319	2	–	–	117
Westerlo								
Hotelstraat 2a-b	Retail warehouse	2007	> 1980	1,000	2	–	–	85
Wilrijk								
Boomsesteenweg 643-645	Retail warehouse	2000	50/80	1,837	2	–	–	149
Boomsesteenweg 666-672	Retail warehouse	2000	> 1980	4,884	4	–	–	495
Total investment properties in operation Belgium				**164,884**	**246**	**12**	–	**20,633**

Turkey

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)
Istanbul								
'Bomonti Park', Kazim Orbay Caddesi 3	Shopping centre	2007	2006	4,936	16	–	200	615
Istiklal Caddesi 34	Shop	2007	1980	1,170	1	–	–	314
Istiklal Caddesi 98	Shop	2007	1920	530	1	–	–	264
Total investment properties in operation Turkey				**6,636**	**18**	–	**200**	**1,193**

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)
Portugal								
Barcelos								
Rua Porta Nova 41	Shop	2002	< 1950	128	1	–	–	28
Braga								
Avenida Central 78-80	Shop	2002	< 1950	471	1	–	–	119
Lissabon								
Rua Damiao de Gois 41	Shop	2002	< 1950	150	1	–	–	379
Rua do carmo 100-102 / Rua do Ouro 287 and 291-295	Shop	2002	< 1950	1,139	5	–	–	80
Rua Morais Soares 93	Shop	2002	< 1950	257	1	–	–	84
Porto								
Marques de Pombal 152	Shop	2002	< 1950	437	1	–	–	63
Praca Mouzinho de Alburquerque 119-124	Shop	2002	< 1950	148	1	–	–	194
Rua de Brito Capelo 160	Shop	2002	< 1950	164	1	–	–	76
Rua Santa Caterina 325-329	Shop	2002	< 1950	529	1	–	–	78
Total investment properties in operation Portugal				**3,423**	**13**	–	–	**1,100**
Total investment properties in operation				**699,006**	**1,849**	**394**	**19,106**	**134,216**

1 Land on long lease.

2 VastNed Retail holds a 50% interest.

3 All Belgian properties are held directly or indirectly by Intervest Retail, in which VastNed Retail has a 72.4% interest at year-end 2008.

Notes to the property portfolio in operation

The theoretical rental income as per December 31, 2008 (including turnover rent, mall income and other) is based on full occupancy.

- In the Netherlands virtually all lease contracts 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 lease contracts are concluded for a minimum period of five years. Annual rent increases are based on the cost-of-living index;
- In France, lease contracts 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 take place based on the construction cost index, unless agreed otherwise.
- In Belgium lease contracts are normally concluded for a period of nine years, with termination option after three and six years.
  Annual rent increases are based on the cost-of-living index;
- In Turkey, lease contracts are generally concluded for a period of five years. Various methods are used for the annual indexation of lease contracts; indexation of the lease contracts concluded in Turkish lira is based on the cost-of-living index. The lease contracts denominated in US dollars and euros are index-linked based on specific agreements.
- In Portugal there are two kinds of lease legislation. Under the old legislation lease contracts are concluded for an indefinite period and can only be terminated by the tenant. The new legislation is comparable to that in Spain, meaning that lease contracts are usually concluded for a period of at least five years, and that rent increases are based on the cost-of-living index. These rules are being applied more frequently, especially for internationally oriented tenants.

Appraisers

- CBRE in Amsterdam and Brussels
- Cushman & Wakefield in Amsterdam, Brussels, Istanbul, Madrid and Paris
- De Crombrugghe & Partners in Brussels
- DTZ Pamir & Soyuer in Istanbul
- DTZ Zadelhoff v.o.f. in Amsterdam
- Jones Lang Lasalle in Lisbon and Madrid
- Kroese & Paternotte in Amsterdam
- Retail Consulting Group in Paris

Other investment properties

Investment properties under renovation

Country / Citiy / Location	Type of property	Year of completion	Lettable floor space (sqm)	Investment (x € 1 million)	Net initial yield
Spain					
Alicante					
'Parque Vistahermosa'	Shopping centre	2009	10,499	13.6	6.6%
Badalona					
'Centro Comercial Montigalá' Passeig Olof Palme 28-36	Shopping centre	2009	2,569	4.7	5.4%
Belgium					
Olen					
Lammerdries 6 [1]	Retail warehouse	–	29,632	35.0	–

Investment properties in pipeline

Country / Citiy / Location	Type of property	Year of completion	Lettable floor space (sqm)	Investment (x € 1 million)	Net initial yield
The Netherlands					
Hendrik-Ido-Ambacht					
Shopping centre 'Hoog Ambacht'	Shopping centre	2010	7,745	22.3	5.6%
Houten					
Onderdoor 4	Cinema	2009	2,105	3.0	7.5%
Spoorhaag 130-134 / Achterom 1-5 [1]	Shopping centre	–	2,575	4.2	–
Lelystad					
Wisselplein	Shopping centre	2009	7,850	21.8	5.3%
France					
Plaisir-Sablons					
Centre Commercial 'Plaisir-Sablons' [1]	Shopping centre	2012	27,272	75.0	6.0%
Thoiry					
Val Thoiry	Retail warehouse	2009	5,990	6.7	5.8%

1 Uncommitted

Key figures property portfolio (in operation)

	Netherlands	Spain	France	Belgium	Turkey	Portugal	Total
Number of tenants [1]	827	490	255	246	18	13	1,849
Theoretical annual rental income (x € 1 million)	51.0	34.5	25.8	20.6	1.2	1.1	134.2
Market rent [2] (x € 1 million)	52.8	35.6	30.2	21.4	1.7	1.1	142.8
(Over)/underrent (in %)	3.5	3.1	14.5	3.8	30.8	(0.4)	6.1
Average occupancy rate (in %)	98.4	96.6	98.4	92.2	85.5	100.0	97.9
Spot occupancy (in %)	98.3	95.6	98.3	99.7	94.4	100.0	97.8
Rent-free periods/rent discounts (in %)	0.3	0.8	1.3	1.6	–	–	0.8
Number of properties	347	15	127	97	3	9	598
Investment properties in operation (x € 1 million)	749	481	409	295	20	13	1,967
Investment properties in operation (in %)	38	24	21	15	1	1	100
Average size per property (x € 1 million)	2.2	32.0	3.2	3.0	6.7	1.5	3.3
Gross yield (in %)	6.8	7.2	6.6	7.0	5.9	8.2	6.9
Net yield (in %)	6.0	6.8	6.4	6.5	5.3	7.8	6.3
Lettable floor area (x 1,000 sqm)	293	128	103	165	7	3	699
Lettable floor area (in %)	42	18	15	23	1	1	100
Sector spread per country (in %)							
Shopping centres	34	81	37	6	51	–	42
Retail warehouses	3	13	6	49	–	–	13
High street shops	62	6	55	45	49	100	44
Other	1	–	2	–	–	–	1
Average rent per sqm (x € 1)							
Shopping centres	155	284	267	154	126	–	219
Retail warehouses	70	114	72	80	–	–	84
High street shops	205	727	307	292	340	321	245
Other	133	–	117	–	–	–	122
Regional spread per country (in %)							
Super cities	10	60	35	11	100	42	29
Large cities	21	39	18	29	–	32	26
Medium-sized cities	31	–	21	15	–	7	18
Small cities	38	1	26	45	–	19	27
Industry spread (in %)							
Non-food	48	51	65	59	54	–	54
Food & Personal care	28	21	6	14	20	–	19
Home and garden	13	6	4	18	–	–	10
Other	11	22	25	9	26	100	17
Average occupancy rate at year-end (in %)							
Shopping centres	99.5	94.6	95.5	100.0	89.1	–	96.3
Retail warehouses	100.0	100.0	100.0	99.6	–	–	99.8
High street shops	97.8	100.0	99.7	99.8	100.0	100.0	98.7
Other	68.2	–	100.0	–	–	–	89.5

Excluding apartments and parking spaces.

Including other income (lease of public spaces of shopping centres).


3 HALEN
1 BETALEN