



VASTNED RETAIL

Interim report 2011

VASTNED RETAIL REALISES STABLE DIRECT INVESTMENT RESULT OF € 33.6 MILLION

Reinier van Gerrevink, Chief Executive Officer: 'In the past quarter retail markets proved to be challenging, with tenants wanting value for money. The healthy leasing activity and the high average occupancy rate of 95.2% show we were able to meet our tenant's expectations. In the past six months, the leasing activity was € 9.2 million spread throughout our core countries, including Spain, where we are prioritising improving the occupancy rate. In Belgium, too, significant lease renewals took place, securing the associated cash flows for the next few years.

The appraisals of our property portfolio contributed positively to the investment result. In terms of acquisitions we made good progress. After the acquisition in the Netherlands in the first quarter, in the second quarter we took over a portfolio of high street shops in a top city centre location in Bordeaux and reached agreement on the acquisition of a number of high street shops in a prime location in Namur, Belgium.

For the full year 2011 market conditions will remain challenging, resulting in a marginal decrease of the direct investment result per share before the one-off costs of the termination of the collaboration with VastNed Offices/Industrial.'

(in brackets: first half 2010)

- **Direct investment result: €33.6 million (€33.6 million);**
- **Indirect investment result: €29.5 million (€12.0 million);**
- **Investment result: €63.1 million (€45.7 million);**
- **Direct investment result per share: €1.81 (€1.84);**
- **Indirect investment result per share: €1.59 (€0.65);**
- **Investment result per share: €3.40 (€2.49);**
- **Shareholders' equity per share as at 30 June 2011: €54.04 (30 June 2010: €50.30);**
- **Average occupancy ratio: 95.2% (95.3%);**
- **Occupancy rate as at June 30, 2011: 95.3% (30 June, 2010: 95.0%);**
- **Solvency as at 30 June 2011: 53.8% (30 June 2010: 54.5%).**

Profile

VastNed Retail invests in high street shops, shopping centres and retail warehouses located in good and top locations in its core countries: the Netherlands, Spain, France, Belgium and Turkey. The value of the investment properties was € 2,096.2 million as at 30 June 2011 (30 June 2010: € 1,900.3 million).



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Investment properties

The developments in the area of occupancy rate, rent levels, value movements, investments and disposals in the property portfolio in the first half of 2011 were as follows:

Occupancy rate

The average occupancy rate in the first half of 2011 was 95.2% (95.3%). The occupancy rate as at 30 June 2011 was 95.3% (30 June 2010: 95.0%). The marginal increase of the occupancy rate compared to 30 March 2011 (95.0%) was due in particular to improved occupancy rates in Spain, France and Turkey. In Spain we are prioritising improving the occupancy rate in order to maintain the quality of the shopping centres, even if this may occasionally result in lower rent levels. The occupancy rate by country was as follows.

Country	30 June 2011	H1 2011	H1 2010
NL	96.6	96.8	98.0
E	92.4	92.4	91.2
F	94.3	93.9	93.1
B	97.3	97.6	99.2
Tr	100.0	93.6	81.5
P	100.0	100.0	100.0
T	95.3	95.2	95.3

Leasing activity

The leasing activity in the first half of 2011 was €9.2 million (€5.4 million) or 6.6% of gross rental income (4.1%). Leases were concluded on average at 3.1% below the former rent level (5.0% negative). In the second quarter in particular a number of significant leases were signed. In the Netherlands, VastNed Retail welcomed innovative fastfood concept store EXKi at Plein 11 (288 sqm). In Belgium, the leases with Decor Heytens were renewed at good conditions, while in Spain great efforts were made to maintain the occupancy rate of the portfolio. 33 new leases signed in the second quarter of 2011 were a key contribution to that objective. Retail outlets opening for business based on leases concluded recently are driving an improvement of operational activities in VastNed Retail's shopping centres in Spain. A case in point is the opening of an outlet of electronics chain Worten in Centro Comercial Montigalá in the Barcelona area in the first quarter of 2011. We are now looking forward to the opening of the Metropolitan Gym in the Centro Comercial Atalayas in Murcia at the end of Q3 2011. In Turkey, the occupancy rate of the property portfolio rose to 100% with the lease of the first and second floor of the retail property at Istiklal Caddesi 119 in Istanbul to a restaurant business. Furthermore, a long-term lease with Zara was concluded for 3,100 sqm at Istiklal Caddesi 161 in Istanbul. This former Yapi Kredi property is one of two properties in the development pipeline. Discussions are under way with interested parties for the other property, located at Istiklal Caddesi 85 in Istanbul, which will offer 3,200 sqm of retail space.

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Total leasing activity H1 2011 based on contract rents

Country	Movement gross rent % headline	Movement gross rent % effective	Volume as a % of theoretical gross rent
NL	5.1	3.4	3.6
E	(27.1)	(32.7)	5.6
F	34.9	26.1	2.6
B	1.1	(1.8)	9.9
Tr	-	-	150.3
	-	-	
T	(2.8)	(5.8)	6.5

Lease incentives

The lease incentives (applying straightlining over the duration of the lease up to the first termination date) rose to 2.5% (2.2%) in the first half of 2011.

IFRS lease incentives in %

Country	Q1 2011	Q2 2011	H1 2011	H1 2010
NL	(0.5)	(0.6)	(0.6)	(0.5)
E	(5.7)	(8.5)	(7.1)	(5.6)
F	(1.7)	(1.7)	(1.7)	(1.6)
B	(1.3)	(1.2)	(1.2)	(2.0)
Tr	-	-	-	-
P	-	-	-	-
T	(2.1)	(2.8)	(2.5)	(2.2)

Value movements investment properties

The value movements of VastNed Retail's property portfolio based on appraisals by independent appraisers and internal appraisals showed a total value movement of € 34.7 million positive (€ 14.5 million positive). The value increases were due to a strong preference for retail property in the property investment market. The theoretical net yield on the property portfolio was 6.4% (6.7%) as at 30 June 2011.

Value movements (€ million)

Country	Q1 2011	Q2 2011	H1 2011	H1 2010
NL	6.9	5.3	12.2	7.1
E	0.6	(2.3)	(1.7)	(2.2)
F	0.7	9.6	10.3	5.8
B	10.4	1.7	12.1	3.2
Tr	1.5	0.2	1.7	0.7
P	0.1	-	0.1	(0.1)
T	20.2	14.5	34.7	14.5

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Value movements as a percentage of starting values and net yields

Country	Q1 2011	Q2 2011	H1 2011	Net yield 30 June 2011	Net yield 31 March 2011
NL	0.9	0.7	1.6	6.0	6.1
E	0.2	(0.6)	(0.4)	8.0	7.5
F	0.2	2.3	2.4	5.9	6.1
B	3.4	0.5	4.0	6.2	6.3
Tr	5.3	1.0	6.4	4.8	4.8
P	0.6	0.1	0.7	6.6	7.7
T	1.0	0.7	1.8	6.4	6.4

Acquisitions

In March 2011, VastNed Retail acquired 33 retail units in the Walburg shopping centre in Zwijndrecht for €40.4 million in total. The total lettable floor area of the acquired part is over 14,000 sqm; the annual rental income is approx. €2.8 million. The units are mostly let to national retail chains such as HEMA, supermarket Jumbo, chemists chain Kruidvat, opticians Hans Anders and lingerie chain Hunkemöller. The net initial yield was 6.1%.

In the beginning of May 2011 a portfolio of high street shops in prime locations in the city centre of the French city of Bordeaux was acquired for €30.4 million in total. The total lettable floor area of the acquired part is 2,850 sqm; the annual rental income is approx. €1.7 million. The tenants include national and international retail chains such as footwear chain Bata, surf fashion chain Oxbow, Etam Lingerie and designer fashion chain Max Mara. The portfolio was acquired from private investors at a 5% net initial yield.

After balance sheet date, the property portfolio in Belgium was strengthened with the acquisition of retail complex 'Jardin d'Harscamp' in Namur covering a total area of 2,596 sqm located at Place de l'Ange 4 in the prime shopping area of Namur (population 108,000). The property comprises a total commercial retail space of 2,228 sqm and 23 underground parking spaces. The complex currently contains 17 smaller shops with tenants including Club, Women'Secret and Belgique Loisirs. The retail units can relatively easily be combined into larger spaces. The current annual rental income is approx. €0.5 million, which is far below its actual market rental value. The acquisition price of this property is approx. €10.3 million, resulting in an initial yield of approx. 5%.

Acquisitions

Country City	Address	Acquisition price (€ million)
Netherlands Zwijndrecht	Walburg shopping centre (33 units)	40.4
France Bordeaux	Portfolio of 9 high street shops	30.4
Total		70.8

Disposals

In the first half of 2011 disposals were made totalling €14.4 million.

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Disposals		
Country	Address	Net yield (€ million)
Netherlands		
Amsterdam	Jan Evertsenstraat 100, 106 and 108	1.7
Mijdrecht	Prinses Margrietlaan 24-52	5.1
Vriezenveen	Westeinde 19 (1 unit)	0.3
France		
Lille	Rue Jacquemars Gielée 106	0.6
Belgium		
Antwerp	Camotstraat 18-20	1.6
Turkey		
Istanbul	'Bomonti Park' Kazim Orbay Caddesi 3	5.1
Total		14.4

After deducting sales costs, a sales profit of € 1.2 million was recognised on these disposals.

Investment result VastNed Retail shareholders in the first half 2011

The investment result in the first half of 2011 was €63.1 million positive (€45.7 million positive). The investment result comprises the direct investment result, which remained virtually stable at €33.6 million (€33.6 million) and the indirect investment result that reached €29.5 million positive (€12.0 million positive) mainly due to positive value movements of the investment properties.

Composition investment result first half 2011

Gross rental income

The gross rental income totalled €65.6 million in the half of 2011 (€62.9 million). Of the increase, €2.6 million was due to acquisitions in 2010 and 2011, and €0.5 million to positive like-for-like growth. On the other hand, the gross rental income decreased by €0.5 million due to disposals made in 2010 and 2011.

Gross rental income (€ million)				
Country	Q1 2011	Q2 2011	H1 2011	H1 2010
NL	12.8	13.2	26.0	24.1
E	7.6	7.3	14.9	14.7
F	6.2	6.6	12.8	12.1
B	5.3	5.2	10.5	10.6
Tr	0.5	0.3	0.8	0.8
P	0.3	0.2	0.5	0.6
T	32.7	32.9	65.6	62.9



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

These expenses rose to €8.2 million (€7.0 million). This was due, next to the expansion of the property portfolio and net acquisitions, to higher net service charge expenses, maintenance and leasing costs, provisions for doubtful debtors and local taxes.

Value movements investment properties

As stated earlier, the value movements of the investment properties in the first half of 2011 were €34.7 million positive (€14.5 million positive).

Net result on investment property disposals

The net result on disposals after deduction of sales costs was €1.2 million positive compared to the appraisal value (€0.3 million positive).

Net financing costs

The net financing costs including the value movements of financial derivatives rose to €16.5 million (€16.3 million). The net interest expenses increased from €15.2 million to €16.9 million mainly due to higher interest-bearing debts due to acquisitions made in 2010 and 2011. The average interest rate on the total interest-bearing loan capital rose marginally to 4.19% (4.10%).

The movement of the interest rate derivatives not designated as full hedges under IFRS was €0.4 million positive (€1.1 million negative).

	<i>Financial costs</i>	
	<i>H1 2011</i>	<i>H1 2010</i>
Interest (* €1 million)	16.9	15.2
Average interest % on loan capital	4.19	4.10
Interest coverage ratio (ICR)	3.2	3.4

General expenses

In the first half of 2011, general expenses saw a limited increase to €3.7 million (€3.5 million). The general expenses include the costs relating to the termination of the collaboration agreement with VastNed Offices/Industrial of €0.3 million.

Income tax payable on the reporting period

Income tax fell to €0.2 million (€0.4 million) in the first half of 2011.

Movement deferred tax assets and liabilities

The movement of deferred tax assets and liabilities was €2.3 million negative (€0.5 million negative), which was related to the value movements in the Spanish and Turkish property portfolios in particular.

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Investment result attributable to non-controlling interests

The investment result attributable to minority shareholders of € 7.8 million (€ 4.3 million) consists of the direct and indirect investment results attributable to non-controlling interests of € 3.2 million (€ 3.2 million) and € 4.6 million positive (€ 1.1 million positive) respectively.

Solvency and loan capital financing

As at 30 June 2011, VastNed Retail's balance sheet showed a healthy financing structure with a loan-to-value of 42.9% (30 June 2010: 40.3%) and a solvency, being group equity plus deferred tax liabilities divided by the balance sheet total, of 53.8% (30 June 2010: 54.5%). With this solvency and an interest coverage ratio of 3.2, VastNed Retail complies with all the loan covenants. Financing contracts are usually concluded with covenants stipulating a minimum solvency of 45% and an interest coverage ratio of between 2.0 and 2.5.

Solvency and loan capital		
	H1 2011	H1 2010
Solvency	53.8%	54.5%
LTV	42.9%	40.3%
Duration based on contract expiry dates	3.6	3.2
Duration based on interest review dates	4.2	4.9

As at 30 June 2011, 63.4% of the loan portfolio was long-term with an average duration of 3.6 years based on contract expiry dates. Of the long-term loans, an amount of € 138.1 million (already included under short-term loan capital) will expire in within one year. There are extension options for a significant portion of these expiring loans, which will be exercised. Due to the increased market rate, a value increase of financial derivatives was recognised directly in equity (2010: € 16.0 million negative). In order to limit the interest rate risk, at 30 June 2011 69.9% of the loan portfolio was fixed-interest with a duration of 4.2 years based on the interest review dates.

Breakdown of interest-bearing loan capital as at 30 June 2011				
(€ million)	Fixed interest	Floating interest	Total	% of total
Long-term	518.1	52.4	570.5	63.4
Short-term	110.4	218.3	328.7	36.6
Total	628.5	270.7	899.2	100.0
% of total	69.9	30.1	100.0	

Interim dividend

In accordance with its policy, VastNed Retail will pay out 60% of the direct investment result as interim dividend. This interim dividend will be € 1.09 (€ 1.10) per share. The ex-dividend date is 9 August 2011; the dividend will be made payable on 29 August 2011.



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Termination of collaboration with VastNed Offices/Industrial

As stated earlier in a number of press releases, the market feels an increasing need for fully focused management. In this context, the termination proposal was approved at the general meeting of shareholders on 4 May 2011, so that the collaboration will end no later than 1 January 2012. After this date the funds will continue as independent investment companies with separate management structures. On 25 and 26 August 2011, the extraordinary general meetings of shareholders of VastNed Offices/Industrial N.V. and Nieuwe Steen Investments N.V. will take place in which a merger between the two companies will be proposed.

After the merger is approved by these company bodies, the eventual termination of the collaboration can be definitively drafted.

Developments and outlook

The ongoing disappointing economic development in Spain in particular makes it hard to further improve the occupancy rate at financially attractive terms. Assuming that the economic climate will not improve in the remainder of this year, the board of management of VastNed Retail anticipates for the full year 2011 a marginal decrease of the direct investment result per share before the costs of the termination of the management agreement.

Responsibility statement

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

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

Rotterdam, 4 August 2011

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On Friday 5 August at 11 am an analysts' meeting will be held in which further comments will be made on the first half figures 2011. This meeting can be followed by means of an audio webcast on www.vastned.nl.



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Future looking statements

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

KEY FIGURES	30 June 2011	31 December 2010	30 June 2010
Results (x €1,000)			
Gross rental income	65,639	126,638	62,934
Direct investment result	33,579	67,783	33,634
Indirect investment result	29,517	31,393	12,036
<i>Investment result</i>	63,096	99,176	45,670
Balance sheet (x €1,000)			
Investment properties	2,096,193	1,995,538	1,900,279
Equity	1,107,154	1,074,905	1,024,249
Equity VastNed Retail shareholders	1,006,250	975,570	930,377
Long-term liabilities	638,890	686,942	712,155
Solvency in accordance with the banks' definition (in %)	53.8	54.6	54.5
Interest coverage ratio	3.2	3.4	3.4
Financial occupancy rate (in %)	95.2	95.2	95.3
Average number of ordinary shares in issue	18,527,233	18,409,519	18,322,397
Number of ordinary shares in issue (end of period)	18,621,185	18,495,220	18,495,220
Per share (x €1)			
Equity VastNed Retail shareholders at beginning of period (including final dividend)	52.75	51.42	51.42
Final dividend previous financial year	(2.58)	(2.78)	(2.78)
<i>Equity VastNed Retail shareholders at beginning of period (excluding final dividend)</i>	50.17	48.64	48.64
Direct investment result	1.81	3.68	1.84
Indirect investment result	1.59	1.71	0.65
<i>Investment result</i>	3.40	5.39	2.49
Value movements financial derivatives taken directly to equity	0.50	(0.03)	(0.77)
Translation differences net investments	-	(0.04)	0.04
Other movements	(0.03)	(0.11)	(0.10)
Interim dividend	-	(1.10)	-
<i>Equity VastNed Retail shareholders at end of period (including final dividend)</i>	54.04	52.75	50.30
Share price (end of period)	49.43	51.98	41.31
Premium (Discount) (in %)	(8.5)	(1.5)	(17.9)

DIRECT AND INDIRECT INVESTMENT RESULT

(x € 1,000)

	H1 2011	H1 2010	Q2 2011	Q2 2010
Direct investment result				
Gross rental income	65,639	62,934	32,904	31,375
Ground rents paid	(293)	(284)	(149)	(143)
Net service charge expenses	(1,050)	(865)	(477)	(428)
Operating expenses	(6,809)	(5,885)	(3,365)	(3,118)
<i>Net rental income</i>	<u>57,487</u>	<u>55,900</u>	<u>28,913</u>	<u>27,686</u>
Financial income	966	197	500	89
Financial expenses	(17,871)	(15,409)	(9,158)	(7,655)
<i>Net financing costs</i>	<u>(16,905)</u>	<u>(15,212)</u>	<u>(8,658)</u>	<u>(7,566)</u>
General expenses	(3,680)	(3,473)	(1,891)	(1,755)
<i>Direct investment result before taxes</i>	<u>36,902</u>	<u>37,215</u>	<u>18,364</u>	<u>18,365</u>
Current income tax expense	(154)	(367)	11	(231)
<i>Direct investment result after taxes</i>	<u>36,748</u>	<u>36,848</u>	<u>18,375</u>	<u>18,134</u>
Direct investment result attributable to non-controlling interests	(3,169)	(3,214)	(1,584)	(1,599)
<i>Direct investment result attributable to VastNed Offices/Industrial shareholders</i>	<u>33,579</u>	<u>33,634</u>	<u>16,791</u>	<u>16,535</u>
Indirect investment result				
Value movements investment properties in operation	40,552	16,180	15,521	9,140
Value movements investment properties under renovation	-	(721)	-	(378)
Value movements investment properties in pipeline	(5,815)	(964)	(941)	(373)
<i>Total value movements investment properties</i>	<u>34,737</u>	<u>14,495</u>	<u>14,580</u>	<u>8,389</u>
Nettoverkoopresultaat vastgoedbeleggingen	1,211	310	58	101
Waardemutaties financiële derivaten	444	(1,119)	495	(162)
<i>Indirect investment result before taxes</i>	<u>36,392</u>	<u>13,686</u>	<u>15,133</u>	<u>8,328</u>
Movement deferred tax assets and liabilities	(2,265)	(545)	(1,097)	(293)
<i>Indirect investment result after taxes</i>	<u>34,127</u>	<u>13,141</u>	<u>14,036</u>	<u>8,035</u>
Indirect investment result attributable to non-controlling interests	(4,610)	(1,105)	(459)	(843)
<i>Indirect investment result attributable to VastNed Retail shareholders</i>	<u>29,517</u>	<u>12,036</u>	<u>13,577</u>	<u>7,192</u>
<i>Investment result attributable to VastNed Retail shareholders</i>	<u>63,096</u>	<u>45,670</u>	<u>30,368</u>	<u>23,727</u>
Per share (x €1)				
Direct investment result attributable to VastNed Retail shareholders	1.81	1.84	0.90	0.90
Indirect investment result attributable to VastNed Retail shareholders	1.59	0.65	0.73	0.39
Investment result attributable to VastNed Retail shareholders	<u>3.40</u>	<u>2.49</u>	<u>1.63</u>	<u>1.29</u>

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CONSOLIDATED PROFIT AND LOSS ACCOUNT
(x € 1,000)

	H1 2011	H1 2010	Q2 2011	Q2 2010
Net income from investment properties				
Gross rental income	65,639	62,934	32,904	31,375
Ground rents paid	(293)	(284)	(149)	(143)
Net service charge expenses	(1,050)	(865)	(477)	(428)
Operating expenses	(6,809)	(5,885)	(3,365)	(3,118)
<i>Net rental income</i>	<u>57,487</u>	<u>55,900</u>	<u>28,913</u>	<u>27,686</u>
Value movements investment properties in operation	40,552	16,180	15,521	9,140
Value movements investment properties under renovation	-	(721)	-	(378)
Value movements investment properties in pipeline	(5,815)	(964)	(941)	(373)
<i>Total value movements investment properties</i>	<u>34,737</u>	<u>14,495</u>	<u>14,580</u>	<u>8,389</u>
Net result on disposals of investment properties	1,211	310	58	101
<i>Total net income from investment properties</i>	<u>93,435</u>	<u>70,705</u>	<u>43,551</u>	<u>36,176</u>
Expenditure				
Financial income	966	197	500	89
Financial expenses	(17,871)	(15,409)	(9,158)	(7,655)
Value movements financial derivatives	444	(1,119)	495	(162)
<i>Net financing costs</i>	<u>(16,461)</u>	<u>(16,331)</u>	<u>(8,163)</u>	<u>(7,728)</u>
General expenses	(3,680)	(3,473)	(1,891)	(1,755)
<i>Total expenditure</i>	<u>(20,141)</u>	<u>(19,804)</u>	<u>(10,054)</u>	<u>(9,483)</u>
<i>Investment result before taxes</i>	<u>73,294</u>	<u>50,901</u>	<u>33,497</u>	<u>26,693</u>
Current income tax expense	(154)	(367)	11	(231)
Movement deferred tax assets and liabilities	(2,265)	(545)	(1,097)	(293)
	<u>(2,419)</u>	<u>(912)</u>	<u>(1,086)</u>	<u>(524)</u>
<i>Investment result after taxes</i>	<u>70,875</u>	<u>49,989</u>	<u>32,411</u>	<u>26,169</u>
Investment result attributable to non-controlling interests	(7,779)	(4,319)	(2,043)	(2,442)
<i>Investment result attributable to VastNed Retail shareholders</i>	<u>63,096</u>	<u>45,670</u>	<u>30,368</u>	<u>23,727</u>
Per share (x €1)				
Investment result per share attributable to VastNed Retail shareholders	3.40	2.49	1.64	1.29
Diluted investment result per share attributable to VastNed Retail shareholders	3.40	2.49	1.64	1.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	H1 2011	H1 2010	Q2 2011	Q2 2010
Investment result	70,875	49,989	32,411	26,169
Value movements financial derivatives taken directly to equity	10,597	(16,020)	(5,117)	(7,217)
Translation differences net investments	(11)	779	128	(78)
Taxes on other comprehensive income	(1,165)	1,799	548	855
Other comprehensive income	9,421	(13,442)	(4,441)	(6,440)
<i>Total comprehensive income</i>	80,296	36,547	27,970	19,729
Attributable to:				
VastNed Retail shareholders	72,292	32,395	26,016	17,425
Non-controlling interests	8,004	4,152	1,954	2,304
	80,296	36,547	27,970	19,729
Per share (x €1)				
Total comprehensive income attributable to VastNed Retail shareholders	3.90	1.76	1.41	0.95

CONSOLIDATED BALANCE SHEET (x €1,000)

	30-jun 2011	31-dec 2010	30-jun 2010
Assets			
Investment properties in operation	2,023,321	1,921,861	1,856,353
Investment properties under renovation	-	-	3,100
Other assets in respect of lease incentives	2,964	1,586	1,591
	<hr/> 2,026,285	<hr/> 1,923,447	<hr/> 1,861,044
Investment properties in pipeline	69,908	72,091	39,235
<i>Total investment properties</i>	<hr/> 2,096,193	<hr/> 1,995,538	<hr/> 1,900,279
Tangible fixed assets	920	1,080	1,008
Financial derivatives	657	978	-
Deferred tax assets	478	478	905
<i>Total fixed assets</i>	<hr/> 2,098,248	<hr/> 1,998,074	<hr/> 1,902,192
Debtors and other receivables	9,811	8,764	11,059
Income tax	535	411	1,219
Cash and cash equivalents	6,134	7,383	6,137
<i>Total current assets</i>	<hr/> 16,480	<hr/> 16,558	<hr/> 18,415
<i>Total assets</i>	<hr/> 2,114,728	<hr/> 2,014,632	<hr/> 1,920,607
Equity and liabilities			
Capital paid-up and called	93,106	92,476	92,476
Share premium reserve	470,705	471,370	471,370
Hedging reserve in respect of financial derivatives	(22,442)	(31,649)	(45,137)
Translations reserve	(791)	(780)	676
Other reserves	402,576	344,977	365,322
Investment result attributable to VastNed Retail shareholders	63,096	99,176	45,670
Equity VastNed Retail shareholders	<hr/> 1,006,250	<hr/> 975,570	<hr/> 930,377
Equity non-controlling interests	100,904	99,335	93,872
<i>Total equity</i>	<hr/> 1,107,154	<hr/> 1,074,905	<hr/> 1,024,249
Deferred tax liabilities	30,480	25,329	22,976
Provisions in respect of employee benefits	710	1,023	743
Long-term interest bearing loans	570,458	612,059	619,963
Financial derivatives	26,471	37,290	54,220
Long-term tax liabilities	2,677	2,677	5,434
Guarantee deposits	8,094	8,564	8,819
<i>Total long-term liabilities</i>	<hr/> 638,890	<hr/> 686,942	<hr/> 712,155
Payable to banks	190,714	121,544	128,114
Redemption long-term liabilities	138,079	92,013	17,271
Financial derivatives	667	1,211	-
Provision termination costs collaboration agreement	2,561	-	-
Income tax	2,964	3,211	3,611
Other liabilities and accruals	33,699	34,806	35,207
<i>Total short-term liabilities</i>	<hr/> 368,684	<hr/> 252,785	<hr/> 184,203
<i>Total equity and liabilities</i>	<hr/> 2,114,728	<hr/> 2,014,632	<hr/> 1,920,607

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(x € 1,000)

	Capital paid up and capital	Share premium reserve	Hedging reserve in respect of financial derivatives	Translation reserve	Other reserves	Investment result attributable to VastNed Retail shareholders	Equity VastNed Retail shareholders	Equity non-controlling interests	Total equity
Balance as at 1 January 2010	91,326	472,554	(31,083)	(103)	467,822	(61,383)	939,133	95,960	1,035,093
Direct investment result						33,634	33,634	3,214	36,848
Indirect investment result						12,036	12,036	1,105	13,141
Value movements financial derivatives			(14,054)				(14,054)	(167)	(14,221)
Translation differences net investments				779			779		779
<i>Total comprehensive income</i>	-	-	(14,054)	779	-	45,670	32,395	4,152	36,547
Stock dividend	1,150	(1,150)					-		-
Costs of stock dividend		(34)					(34)		(34)
Final dividend previous financial year in cash						(41,117)	(41,117)	(6,240)	(47,357)
Allocation from profit appropriation					(102,500)	102,500	-		-
<i>Balance as at 30 June 2010</i>	<i>92,476</i>	<i>471,370</i>	<i>(45,137)</i>	<i>676</i>	<i>365,322</i>	<i>45,670</i>	<i>930,377</i>	<i>93,872</i>	<i>1,024,249</i>
Balance as at 1 January 2011	92,476	471,370	(31,649)	(780)	344,977	99,176	975,570	99,335	1,074,905
Direct investment result						33,579	33,579	3,169	36,748
Indirect investment result						29,517	29,517	4,610	34,127
Value movements financial derivatives			9,207				9,207	225	9,432
Translation differences net investments				(11)			(11)		(11)
<i>Total comprehensive income</i>	-	-	9,207	(11)	-	63,096	72,292	8,004	80,296
Stock dividend	630	(630)					-		-
Costs of stock dividend		(35)					(35)		(35)
Final dividend previous financial year in cash						(41,577)	(41,577)	(6,435)	(48,012)
Allocation from profit appropriation					57,599	(57,599)	-		-
<i>Balance as at 30 June 2011</i>	<i>93,106</i>	<i>470,705</i>	<i>(22,442)</i>	<i>(791)</i>	<i>402,576</i>	<i>63,096</i>	<i>1,006,250</i>	<i>100,904</i>	<i>1,107,154</i>

CONSOLIDATED CASH FLOW STATEMENT (x €1,000)

	H1 2011	H1 2010
Cash flow from operating activities		
Investment result	70,875	49,989
Adjustments for:		
Value movements investment properties	(34,737)	(14,495)
Net result on disposals investment properties	(1,211)	(310)
Net financing costs	16,461	16,331
Income tax	2,419	912
<i>Cash flow from operating activities before changes in working capital and provisions</i>	<u>53,807</u>	<u>52,427</u>
Movement current assets	(2,456)	4,181
Movement short-term liabilities	(1,620)	(1,790)
Movement provisions	2,248	(493)
	<u>51,979</u>	<u>54,325</u>
Interest paid (on balance)	(17,989)	(15,508)
Income tax paid	(603)	904
<i>Cash flow from operating activities</i>	<u>33,387</u>	<u>39,721</u>
Cash flow from investment activities		
Acquisition of investment properties and investments	(74,561)	(26,948)
Disposal of investment properties	14,112	12,734
<i>Cash flow from property</i>	<u>(60,449)</u>	<u>(14,214)</u>
Movement tangible fixed assets	158	(9)
<i>Cash flow from investment activities</i>	<u>(60,291)</u>	<u>(14,223)</u>
Cash flow from financing activities		
Dividend paid	(41,612)	(41,151)
Dividend paid to non-controlling interests	(6,664)	(6,132)
Interest-bearing loans drawn down	94,170	51,171
Interest-bearing loans redeemed	(20,225)	(29,049)
<i>Cash flow from financing activities</i>	<u>25,669</u>	<u>(25,161)</u>
Movement in cash and cash equivalents	(1,235)	337
Cash and cash equivalents as at January 1	7,383	5,739
Translation differences on cash and cash equivalents	(14)	61
<i>Cash and cash equivalents at end of period</i>	<u>6,134</u>	<u>6,137</u>

NOTES TO THE CONSOLIDATED FINANCIAL INTERIM REPORT 2011

1. General

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

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

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

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

The board of management approved the consolidated financial interim report on 4 August 2011.

The consolidated financial interim report has not been audited.

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

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

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

For the principles of consolidation, the valuation of assets and liabilities and the determination of the result, reference is made to the 2010 annual accounts.

Effect of new, revised and improved standards

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

- Revised IAS 24 *Related Party Disclosures*;
- Amendment to IAS 32 *Financial Instruments: Presentation: Classification of Right Issues*,
- Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement*, and;
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*.

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

In the preparation of the consolidated financial interim report, the essential judgments used by the board of management in the application of VastNed Retail's principles for financial reporting and the main estimates are identical to the essential judgments and main estimates used in the 2010 annual accounts. The actual results may deviate from these estimates.

3. Segment information

	Investment properties 30 June		Gross rental income H1		Operating costs including ground rents paid and net service charge expenses H1		Net rental income H1	
	2011	2010	2011	2010	2011	2010	2011	2010
	Netherlands	802,085	710,925	26,034	24,074	3,561	2,804	22,473
France	465,606	406,670	12,769	12,155	1,187	1,300	11,582	10,855
Spain	418,241	417,339	14,914	14,716	2,349	1,817	12,565	12,899
Belgium	314,447	301,917	10,574	10,589	896	942	9,678	9,647
Turkey	83,421	51,029	843	830	62	147	781	683
Portugal	12,393	12,399	505	570	97	25	408	545
Total	2,096,193	1,900,279	65,639	62,934	8,152	7,035	57,487	55,899

	Value movements investment properties H1		Net result on disposals investment properties H1		Movement in deferred tax assets and liabilities H1		Total H1	
	2011	2010	2011	2010	2011	2010	2011	2010
	Netherlands	12,222	7,168	276	107	-	-	12,498
France	10,298	5,796	53	95	20	43	10,371	5,934
Spain	(1,699)	(2,222)	-	-	(951)	(853)	(2,650)	(3,075)
Belgium	12,077	3,180	503	108	(36)	(5)	12,544	3,283
Turkey	1,754	707	379	-	(1,276)	265	857	972
Portugal	85	(134)	-	-	(22)	5	63	(129)
	34,737	14,495	1,211	310	(2,265)	(545)	33,683	14,260
Of which attributable to third parties	(4,263)	(1,382)	(139)	(30)	10	1	(4,392)	(1,411)
	30,474	13,113	1,072	280	(2,255)	(544)	29,291	12,849

4. Dividend

On 16 May 2011 the final dividend for the 2010 financial year was made payable, consisting of 5% in cash on the priority shares and an optional dividend on the ordinary shares of € 2.58 in cash or € 1.33 in cash and 2.56% in shares charged to the share premium reserve.

5. Gebeurtenissen na balansdatum

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

6. Related parties transactions

Except with respect to the issues described below, no material changes occurred in the first half of 2011 in the nature, scale or volume of transactions with related parties compared to what was set out in the notes to the 2010 annual accounts.

During the first half of 2011 none of the members of the supervisory board and board of management of VastNed Retail had a personal interest in the investments of the company. To the best of VastNed Retail's knowledge, during the reporting period no transactions took place with persons or institutions that may be considered to be parties with direct interests in VastNed Retail.

Interests of major investors

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

Nomura Asset Management Co. Ltd.	5.93%
Commonwealth Bank of Australia	5.79%
Dexia S.A.	5.21%
Stichting Pensioenfond ABP	5.15%

7. Total expense ratio

The total expense ratio for the first half of 2011 was 2.04% (annualised).