

Vesteda Update H1 2015



Vesteda and developer Lingotto have signed a turnkey agreement on the development of 56 apartments and 45 parking spaces on the Zeeburgereiland in Amsterdam. Construction will start in September 2015 and delivery of the residential tower 'De Generaal' is expected in the second quarter of 2017.

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Introduction Managing Board

RECOVERY DUTCH RESIDENTIAL MARKET CONTINUES

The recovery of the Dutch residential market gained further momentum in the first half of the year. House prices are now on the rise in many parts of the country, with prices on the Amsterdam housing market recording the strongest increase. We are also seeing an increase in new home construction and the number of sales transactions has increased considerably. As of 1 July 2015, a number of regulatory changes in the housing market have been introduced that strengthen the relative position of the market for rental housing. These changes include the reduction of the national mortgage guarantee (Nationale Hypotheek Garantie - NHG) and more stringent income requirements for new mortgages.

OPTIMISATION AND STRENGTHENING CAPITAL STRUCTURE

With the addition of two new, leading international investors and the closing of a new bank facility in the first half of the year, Vesteda laid the foundations for portfolio growth, and continued its ongoing effort to optimise and increase the flexibility of its capital structure.

INCREASE IN ACQUISITION PIPELINE

Vesteda continued to add to its acquisition pipeline in the first half of 2015 and it now comprises almost 900 residential units. Despite the broad interest in houses in the mid-rental segment in economically stronger regions, the Vesteda acquisition team managed to acquire a considerable number of attractive projects. In the first half of this year a total of five projects comprising of over 400 residential units were added to the pipeline. These are primarily turnkey projects, and all are in the mid-rental segment located in Vesteda's core regions. In total, approximately 100 houses from the pipeline entered the portfolio in the first half of 2015, which are all fully let.

IMPROVED RETURN

The improved conditions in the Dutch residential market and a continued focus on fund optimisation have had a clear impact on returns. In the first half of 2015, the total return (excluding the revaluation of derivatives) came in at 4.7%, a significant improvement on the return of 2.1% recorded in the first half of 2014. This higher return was due to increases in both the realised return, due primarily to the improved occupancy rate and reduced interest expenses, and a higher unrealised return.

In the second half of 2015, we will continue to focus on the optimisation and growth of our investment portfolio. The market outlook for the second half of the year is positive. We are therefore confident that we will be able to close 2015 with a strongly improved result.

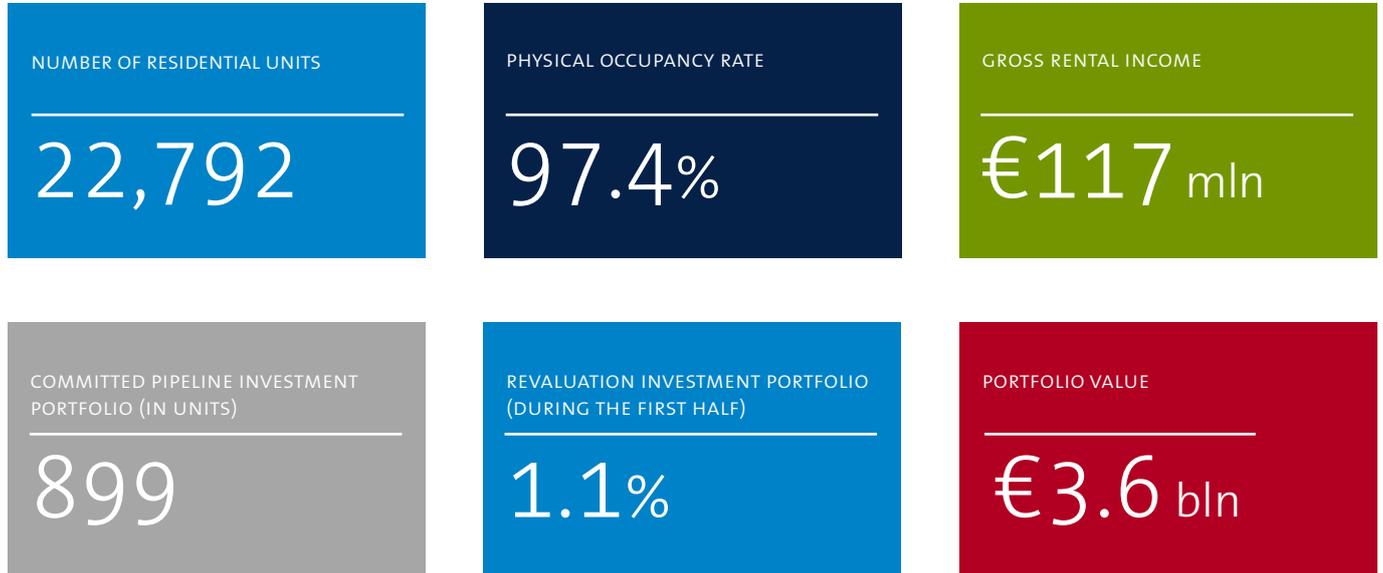
Amsterdam, 28 Augustus 2015

Gertjan van der Baan
CEO

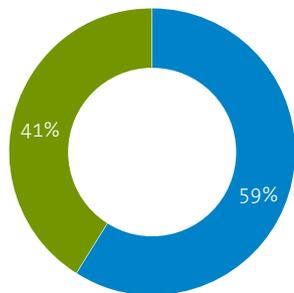
Hélène Pragt
CFO

Key Figures H1 2015

(unaudited)

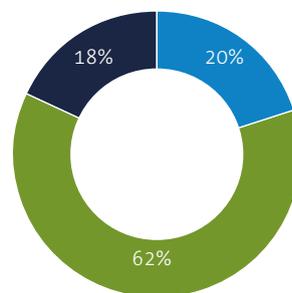


Portfolio by type of residential unit (IN UNITS)



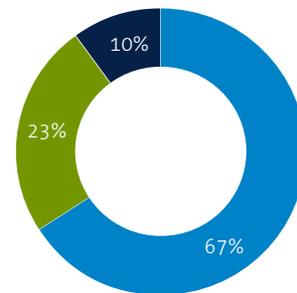
■ Apartment
■ Family house

Portfolio by rental segment (IN VALUE)



■ Regulated segment
■ Mid-segment
■ Higher segment

Portfolio by region (IN VALUE)



■ Primary¹⁾
■ Secondary¹⁾
■ Other

1 Primary regions are regions that offer the highest market potential for the non-regulated rental sector. These regions are characterised by a high market potential and low market risks. Secondary regions score less in some respects but have a positive economic and demographic outlook.

	H1 2015	H1 2014	FY 2014
Income (in € mln)			
Theoretical rent	122	123	248
Loss of rent	(5)	(5)	(11)
Gross rental income	117	118	237
Property operating expenses	(30)	(31)	(62)
Other income	0	1	1
Net rental income	87	88	176
Result on projects in progress	0	1	4
Result on disposals	8	7	20
Management expenses	(8)	(9)	(21)
Interest expenses	(23)	(27)	(53)
Unwind derivative position	0	0	(12)
Realised result (before tax)	64	60	114
Unrealised result	41	(12)	22
Result before tax	105	48	136
Result after tax	105	48	136

	30 June 2015	30 June 2014	31 December 2014
Balance Sheet (in € mln)			
Total assets	3,701	3,714	3,667
Equity	2,432	2,263	2,262
Loan capital	1,093	1,294	1,265
Leverage ratio (in %)	29.5	34.8	34.5

12 months prior to
30 June 2015

Loan Capital (in € mln)	
Interest expenses	44
EBITDA	156

	H1 2015	H1 2014	FY 2014
Return on Equity (in % of opening equity)			
Realised return	2.9	2.6	5.0
- return from letting	2.5	2.3	4.6
- return from disposals	0.4	0.3	0.9
- result from unwind derivatives transaction	0.0	0.0	(0.5)
Unrealised return	1.8	(0.5)	1.0
Total return excluding revaluation of derivatives	4.7	2.1	6.0
Revaluation on derivatives	0.6	(0.6)	(0.2)
Total return	5.3	1.5	5.8

	30 June 2015	30 June 2014	31 December 2014
Non-Financial Figures			
Number of units	22,792	23,450	22,990
- apartments	13,479 (59%)	13,810 (59%)	13,574 (59%)
- family homes	9,313 (41%)	9,640 (41%)	9,416 (41%)
Physical occupancy rate (in % of units)	97.4	96.5	96.6

	H1 2015	H1 2014	FY 2014
Non-Financial Figures			
Number of units inflow	101	67	169
Number of units outflow	299	408	970
- disposals through individual unit sales	299	234	704
- disposals through block sales	-	174	266
Loss of rent in %	3.7	4.5	4.4

Notes to the result

RENTAL INCOME

The theoretical rent stood at €122 million in the first half of 2015, down slightly from the theoretical rent of €123 million recorded in the first half of 2014. This decline was due to the smaller size of the portfolio. The lower theoretical rent was largely offset by a reduction in the loss of rent to 3.7% in the first half of 2015 from 4.5% in the first half of 2014. This resulted in gross rental income of €117 million in the first half of 2015, compared with €118 million in the first half of 2014.

PROPERTY OPERATING EXPENSES

The property operating expenses in the first half of 2015 amounted to €30 million, a slight decrease compared to the property operating expenses in the first half of 2014 (€31 million). The gross/net ratio (including landlord levy) was 25.9% in the first half of 2015 compared to 26.2% in the first half of 2014.

RESULT ON DISPOSALS

In the first half of 2015, Vesteda sold a total of 299 houses from its investment portfolio. These were all individual unit sales. In the first half of 2014, Vesteda sold a total of 408 houses from its investment portfolio, 234 of which were individual unit sales and 174 were part of complex sales. Despite the reduced number of houses sold, the income from these sales, which came in at €8 million, was higher than in the first half of 2014 (€7 million). This was due to the higher number of individual unit sales and higher sales margins.

MANAGEMENT EXPENSES

Management expenses came in at €8 million in the first half of 2015, significantly lower than the €9 million recorded in the same period of 2014. This reduction was due to the positive impact of the reorganisation at property management, which has resulted in a structural downward adjustment of expenses.

INTEREST EXPENSES

The continued implementation of the corporate refinancing programme for Vesteda's CMBS debt in the course of 2014, including the corporate bond issue in July 2014, combined with a net debt repayment totalling €201 million in the past year, resulted in a decline in interest expenses to €23 million in the first half of the year, compared with €27 million in the first half of 2014.

In the first half of the year, Vesteda arranged the early refinancing of its remaining CMBS tranche of €300 million (matured 20 July 2015) via a bridge loan. The transaction enabled Vesteda to terminate its CMBS financing programme.

In order to make use of the favourable interest rate climate and the company's strengthened credit profile, in the first half of this year Vesteda decided to bring forward the refinancing of its €600 million loan and revolving credit facility with a consortium of five banks: ABN Amro, BNP Paribas, Deutsche Bank, ING and Rabobank. The transaction has enabled Vesteda to reduce future interest expenses, extend the average maturity of its loan capital to 3.3 years compared to 2.5 years ultimo H1 2014 and at the same time expand its group of banks.

REALISED RESULT

The realised result in the first half of 2015 came in at €64 million, compared with €60 million in the first half of 2014. Virtually all components (exploitation, funding and portfolio management) contributed to this improved result.

UNREALISED RESULT

Due to a positive revaluation of 1.1%, the unrealised result in the first half of 2015 stood at €41 million, compared with a negative unrealised result of €12 million in the first half of 2014.

RESULT AFTER TAX

The result after tax came in at €105 million in the first half of 2015, compared with €48 million in the first half of 2014 and €136 million in the full year 2014. The total return on equity in the first half of 2015 came in at 5.3%, compared with 1.5% in the first half of 2014. The difference of 3.8% was due to a slightly higher realised result (+0.3%), a considerably higher unrealised result (+2.3%) and a positive revaluation of Vesteda's derivatives position (+1.2%).

INCREASE OF EQUITY BASE

Vesteda focuses on expanding its portfolio in the most attractive regions and rental segments in the Dutch residential market. We also focus on providing our participants with liquidity. In order to achieve these two goals, Vesteda boosted its equity in the first half of the year. In April this year, Allianz Real Estate, one of the world's largest real estate investors, and a leading Asian institutional investor, invested €600 million in Vesteda. Of the total investment €345 million is intended for acquisitions. Of this value, €160 million was immediately drawn. Additionally, there is a commitment for the investment of another €185 million. The remaining €255 million was used to meet redemption requests of existing participants.

Investment portfolio

Investment portfolio, changes in value

(in € million)

Value at start of year	3,593
Capex	6
Inflow	23
Outflow	(44)
Revaluation	39
Value of investment portfolio at the end of H1 2015	3,617

Investment portfolio, changes in units

Number of units beginning of year	22,990
Inflow	101
Outflow	(299)
Number of units at the end of H1 2015	22,792

In the first half of 2015, the investment portfolio was reduced by a total of 299 rental units. A total of 101 houses were added to the portfolio:

- 30 apartments were added following the acquisition of the existing complex De Ooievaar (built in 2008) in Purmerend (primary region). Vesteda acquired the complex from housing association Wooncompagnie and the rents are in the mid-rental segment.
- 42 apartments are part of the project development project De Amazones in Den Bosch (core region) and have rents in the mid-rental to higher segment. All 42 apartments are now let.
- 29 family houses have been added from the Helioshof project in Arnhem (primary region) and have rents in the mid-rental segment. All rental units are now fully let.

Additions to the investment portfolio H1 2015

Complex building, location	Total number of units	Additions to investment portfolio	Apartment / Family house	Region	Rental segment
De Amazones, Den Bosch	42	42	Apartment	Primary	Mid/Higher
De Ooievaar, Purmerend	30	30	Apartment	Primary	Mid
Helioshof, Arnhem	29	29	Family house	Primary	Mid
Total	101	101			



PIPELINE AT THE END OF THE FIRST HALF OF 2015

Acquisitions and development

In the first half of 2015, a total of 5 projects were added to the pipeline, of which one project in the first quarter. This was the turnkey agreement for the 192 apartments in the 100-metre high Amstel tower, located adjacent to the Amsterdam Amstel rail station. This project is fully in line with our ambition to expand our portfolio by adding rental homes in the mid-segment in economically strong regions, such as Amsterdam.

In the second quarter, Vesteda successfully completed a number of exclusive negotiations. We have added four projects to the pipeline through the signing of turnkey agreements. This includes the acquisition of 64 apartments in the CZAN De Hagen complex in Amsterdam, 25 family houses in the Nieuw Princenhof project in Leusden, 94 apartments in the De Diemer project in Diemen and 56 apartments in the De Generaal project in Amsterdam. All of these projects are fully in line with our ambition to expand our portfolio with rental properties in the mid-rental segment in economically strong regions.

Pipeline at the end of H1 2015

Complex building, location	Total number of units	Additions to investment portfolio	Apartment / Family house	Region	Rental segment	Expected completion/ into operation
De Boel, Amsterdam	154	154	Apartment	Primary	Mid	2016
CZAN 14noord, Amsterdam	14	14	Apartment	Primary	Mid	2016
CZAN De Hagen, Amsterdam	64	64	Apartment	Primary	Mid	2016
Nieuw Princenhof, Leusden ¹⁾	25	25	Family house	Primary	Mid	2016
De Diemer, Diemen ¹⁾	94	94	Apartment	Primary	Mid	2016
De Generaal, Amsterdam	56	56	Apartment	Primary	Mid	2017
Seattle Boston, Rotterdam	48	48	Apartment	Primary	Mid	2017
Leidsche Rijn Centrumplan, Utrecht	467	252	Apartment	Primary	Mid	2017
Amsteltower, Amsterdam	192	192	Apartment	Primary	Mid	2018
Total	1,114	899				

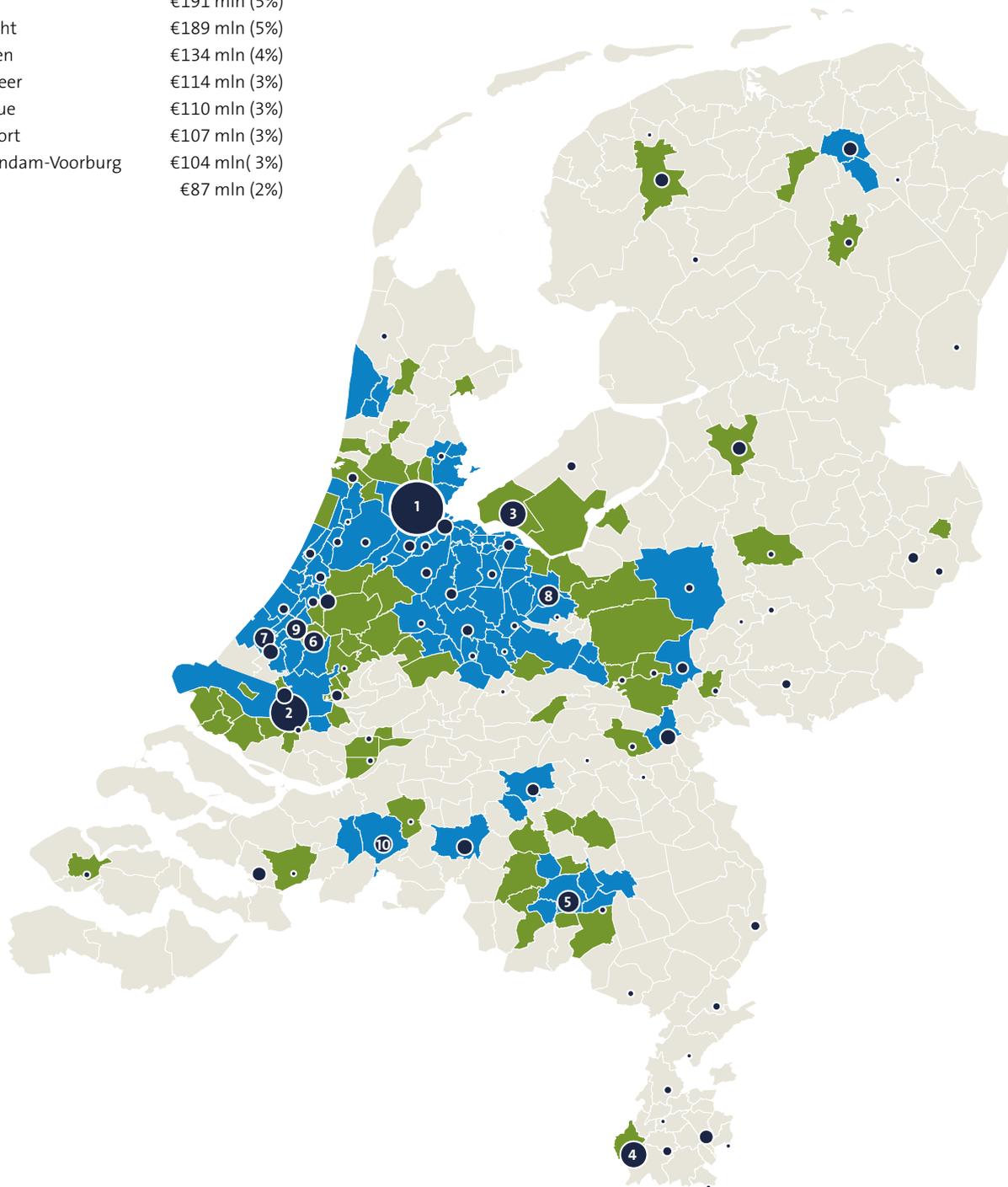


1 The turnkey agreement for these projects have been signed at the beginning of July 2015.

Portfolio distribution (year-end 2014)



1	Amsterdam	€635 mln (18%)
2	Rotterdam	€355 mln (10%)
3	Almere	€191 mln (5%)
4	Maastricht	€189 mln (5%)
5	Eindhoven	€134 mln (4%)
6	Zoetermeer	€114 mln (3%)
7	The Hague	€110 mln (3%)
8	Amersfoort	€107 mln (3%)
9	Leidschendam-Voorburg	€104 mln (3%)
10	Breda	€87 mln (2%)



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About Vesteda

Vesteda is an investor with a clear focus on the Dutch residential real estate market. Vesteda invests funds for institutional investors, including pension funds and insurers. Vesteda has total capital of approx. €3.6 billion invested in real estate. The company's rental portfolio stands at a total of around 23,000 units. Vesteda's key investment regions are the Randstad urban conurbation and the Noord Brabant province. In 2014 Vesteda generated a net result of €136 million, with more than 200 employees.

FOR ADDITIONAL INFORMATION

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