



Vesteda Update 2016: realised return of 5.4%; 1,147 residential units acquired

Amsterdam, 1 May 2017

Key developments

- Realised result increased to €142 million (2015: €136 million)
- Total comprehensive result amounted to €537 million (2015: €316 million)
- Like-for-like rent increase of 2.4% versus inflation of 1.0% (December y-o-y)
- Average occupancy rate increased to 97.9% (2015: 97.3%). Occupancy rate YE 2016: 97.8%.
- 1,147 residential units acquired in 2016: 880 new build units added to the committed pipeline and 267 existing units added directly to the investment portfolio.
- Outperformance of the MSCI IPD/ROZ benchmark over 2016 (+0.4%)
- New organisational structure implemented and decision made to move to one head office
- Frits Vervoort appointed as CFO per 1 November 2016
- Kees de Boo and Maarten de Groof stepped down as members of the Supervisory Committee (SC); Peter Kok appointed as Chairman of the SC per 25 January 2017

Key figures 2016

Income (in € mln)	FY 2016	FY 2015
Theoretical rent	248	245
Loss of rent	(6)	(8)
Service charge income	10	10
Gross rental income	252	247
Property operating expenses	(55)	(53)
Service charges	(15)	(17)
Other income	-	(1)
Net rental income	182	176
Result on projects in progress	1	-
Result on property sales	14	14
Management expenses	(22)	(16)
Interest expenses (including amortised fees)	(33)	(38)
Unwind derivative position	-	(14)
Realised result (before tax)	142	122
Unrealised result	391	169

Total operating result	533	291
Revaluation of derivatives	4	25
Total comprehensive result	537	316

Statement of financial position (in € mln)	31 December 2016	31 December 2015
Total assets	4,375	3,839
Equity	3,045	2,629
Debt capital	1,238	1,098
Leverage ratio (in %)	28.3	28.6

Return on equity (in % of opening equity)	FY 2016	FY 2015
Realised return	5.4	5.4
- From letting	4.9	5.4
- From property sales	0.5	0.6
- From unwind transaction derivatives	-	(0.6)
Unrealised return	14.9	7.5
Total return, excluding revaluation on derivatives	20.3	12.9
Revaluation on derivatives	0.1	1.1
Totaal comprehensive return	20.4	14.0

Message from Vesteda Managing Board

2016: once again a year of exceptionally good results...

The past year was an exceptionally good one for investors in the Dutch residential market. The total return we recorded in 2016 exceeded the already exceptionally high total return of 2015, thanks to the strong increase in the value of the portfolio.

Higher net rental income and a significant decrease in interest expenses led, despite a restructuring provision of €7 million, to an increase in realised result to €142 million (2015: €136 million, excluding unwind derivative position).

...but also of serious shortages in the non-regulated rental market...

At the same time, the public debate about the functioning of the Dutch residential market has become quite heated in recent months. We are clearly seeing the consequences of the postponement of new residential construction during the crisis. The shortages we are now seeing, together with a historic low in interest rates, have resulted in a strong increase in house prices, especially in the owner-occupier segment, with price rises particularly strong in the country's major cities.

The revaluation of our investment portfolio amounted to 10.1%, which led to an unrealised result of €391 million in 2016, compared to €169 million in 2015.



[New organisational structure: effective, efficient, fully integrated and centralised where possible](#)

In 2016, we took a number of decisions that had a significant impact on our organisation. We have taken the decision to centralise our three main locations in our new head office De Boel in Amsterdam. This means that we will close our former head office in Maastricht in 2017 and that we will be saying goodbye or have already said goodbye to most of our colleagues from the south. Working towards a single integrated organisation also required changes to our organisational structure. Our organisation now consists of three core departments: Portfolio Strategy, Operations and Acquisitions.

[Increased focus on our tenants](#)

In addition to our new organisational structure, we devoted a great deal of attention to our mission, vision and core values, as part of the Vesteda Improves programme (Vesteda Verbeterd). The basic premise of our revised mission is that together with our tenants, we create an environment in which they feel at home. We strive to constantly improve our services and our existing residential portfolio. And we also add residential complexes that are tailored to the living requirements of our tenants, today and in the future.

We have also started the process of adjusting our corporate identity to bring it in line with our new mission, vision and core values. Our previous corporate identity was designed in 2004. A lot has changed at Vesteda in the intervening period. For one, we are more service-oriented now and we have focused on the mid-rental segment rather than the higher rental segment since 2011.

Our portfolio is back on track to growth and we will move to one central head office this year. The roll out of our new corporate identity will be gradually and completed after the move to our new head office.

[Much attention for acquisition and Corporate Sustainability and Social Responsibility](#)

Our Acquisitions department was able to acquire ten projects in 2016, adding a total of 1,147 residential units. All of these projects are an excellent fit with our portfolio strategy of expanding in the mid-rental segment of the market with a primary focus on the Randstad, the Brabant metropolitan area and the strong cities in the periphery of the Netherlands.

Corporate Sustainability and Social Responsibility (CSSR) really took off within our organisation in 2016. We are seeing a growing awareness and as investors in the residential market we can have a major impact on the sustainability front. We took a number of measures after our disappointing GRESB score in 2015. And we have made our CSSR targets an integrated part of our Business Plan. In other words, CSSR is for everyone. After successfully implementing the action plan to enhance our overall GRESB performance, in 2016 GRESB awarded Vesteda 'Green Star' classification, with three stars out of a maximum of five.

[Structurally healthy housing market](#)

A healthy and well-functioning housing market is of crucial importance to Dutch residents and investors in the Dutch residential market. Housing is a basic need and everyone ought to have the right to a comfortable, safe and affordable house.



Our relatively modest contribution to a healthier total housing market is the further expansion of our investment portfolio in the years ahead. We believe that our strong focus on future developments in the Dutch residential market puts us in an excellent position to differentiate our offering and to offer our tenants lifetime housing opportunities that meet their changing and evolving demand

For more information, please visit the Vesteda Annual Report at www.vestedareport.com.

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 more than €4.3 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 and the Brabant metropolitan area. In 2016, Vesteda generated a net result of €537 million, with approx. 200 employees.

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