



vesteda

update H1 2017

## Our vision

Vesteda is the expert in residential living. We have direct contact with our tenants. This is why we know their current and future living requirements better than anyone. We use our knowledge to constantly improve our services and our existing residential portfolio. We also add residential complexes that are tailored to the living requirements of our tenants now and in the future. We do so in sustainable and innovative ways. Together with our tenants, we create an environment in which they feel at home.



# at home with vesteda

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### Disclaimer

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# Introduction Vesteda Managing Board

## Dutch housing market still at full steam

Growth in the Dutch housing market was once again considerable in the first half of the year, on the back of the strong economy, confidence in the housing market and low mortgage interest rates. As in 2016, the value growth of Vesteda's portfolio in the first half of the year was significantly above the long-term average. The value of our portfolio increased by 5.6% to €4.5 billion. The growth in value in the second quarter came in at 3.0%, slightly higher than the growth in the first quarter.

The realised result for the first half of the year increased to €75 million, compared with €74 million in the first half of 2016 (excluding the reorganisation provision of €7 million taken in connection with the restructuring programme and relocation of offices to a single centralised location in Amsterdam). The total comprehensive result came in at €325 million in the first half of 2017, compared with €274 million in the same period 2016. The total return on opening equity stood at 10.7% (H1 2016: 10.4%). The difference is largely due to a higher unrealised return.

## New capital to finance growth in mid-rental segment

In May, a number of Vesteda participants invested a total of €280 million for the further growth of Vesteda's rental portfolio, both to finance the existing committed acquisition pipeline and to finance future growth. At the end of the second quarter, total equity amounted to €3.5 billion. As a result of the value growth of the portfolio and the equity issuance, the balance sheet total increased to €4.6 billion and the leverage ratio fell to 22.8%.

Over the past two years, Vesteda has added around 1,550 houses to its acquisition pipeline. The recent equity proceeds will enable us to continue with our expansion in the mid-rental segment which is characterised by scarcity.

## Successful pilot digital rental

In the first six months, we took delivery of a total of four projects from the acquisition pipeline and added these to our rental portfolio. Vesteda conducted a pilot with digital rental on two of these projects, De Generaal in Amsterdam and De Goudsbloem in Den Bosch. For the pilot project, we digitised the entire initial rental process, from registration through to the signing of the contract. With this new process, Vesteda gives its future tenants the opportunity to go through the rental process in a user-friendly and efficient manner, with even the viewing of the house taking place digitally, via virtual reality. The first pilot was extremely successful and gave us valuable insights into the digital rental process. Based on the results, Vesteda will now optimise the pilot project and expand the roll-out to other projects.

## New head office

In the second half of the year, we will focus on the continued optimisation of the portfolio. The key themes for the period ahead are improving tenant satisfaction, increasing the sustainability of the portfolio, rent optimisation, expansion in the mid-rental segment in our core regions, and the selection of a new ERP system that will be implemented in 2018. We will be doing all of this from our new head office De Boel in Amsterdam, which we will move into in September. We will centralise our three main locations in this new head office, which will enable us to operate from a single office, with the exception of our regional offices. We are very much looking forward to this and believe it will improve our internal cooperation and the services to our tenants further.

Amsterdam, 11 August 2017

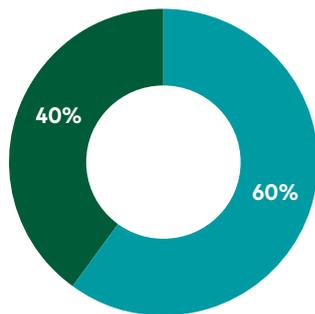
Gertjan van der Baan (CEO) and Frits Vervoort (CFO)

# Key figures H1 2017

(unaudited)

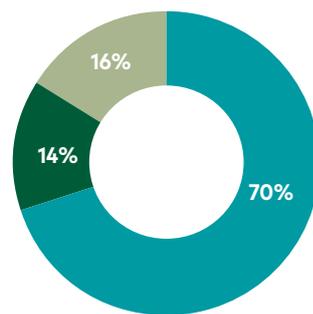


Portfolio by type of residential unit (in units)



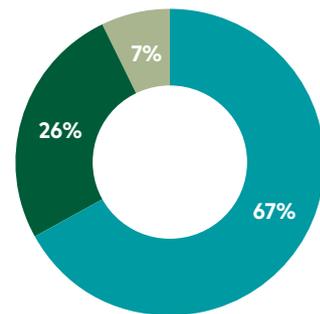
- Apartment
- Single family house

Portfolio by rental segment (in value)



- Mid-segment
- Regulated segment
- Higher segment

Portfolio by region (in value)



- Primary<sup>1</sup>
- Secondary<sup>1</sup>
- Other

<sup>1</sup> Primary regions are regions that offer the highest market potential for the non-regulated residential 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 2017	H1 2016	FY 2016
<b>Income (in € mln)</b>			
Theoretical rent	126	122	248
Loss of rent	(4)	(3)	(6)
Service charges income	5	5	10
<b>Gross rental income</b>	<b>127</b>	<b>124</b>	<b>252</b>
Property operating expenses	(27)	(25)	(55)
Service charges	(8)	(8)	(15)
Other income	0	0	0
<b>Net rental income</b>	<b>92</b>	<b>91</b>	<b>182</b>
Result on projects in progress	1	0	1
Result on property sales	6	7	14
Management expenses	(7)	(15)	(22)
Interest expenses (including amortised fees)	(16)	(15)	(33)
<b>Realised result</b>	<b>75</b>	<b>68</b>	<b>142</b>
<b>Unrealised result</b>	<b>246</b>	<b>207</b>	<b>391</b>
Total result (excluding revaluation of derivatives)	320	275	533
Revaluation of derivatives	5	(1)	4
<b>Total comprehensive result<sup>1</sup></b>	<b>325</b>	<b>274</b>	<b>537</b>

	30 June 2017	30 June 2016	31 December 2016
<b>Balance sheet (in € mln)</b>			
Total assets	4,634	4,129	4,375
Equity	3,494	2,781	3,045
Debt capital	1,054	1,179	1,238
Leverage ratio (in %)	22.8	28.6	28.3

	12 months preceding 30 June 2017
<b>Debt capital (in € mln)</b>	
Interest expenses	34.4
EBITDA	168.4

	H1 2017	H1 2016	FY 2016
<b>Return on equity (in % of opening equity)</b>			
<b>Realised return</b>	<b>2.5</b>	<b>2.6</b>	<b>5.4</b>
- from letting	2.3	2.3	4.9
- from property sales	0.2	0.3	0.5
<b>Unrealised return</b>	<b>8.1</b>	<b>7.8</b>	<b>14.9</b>
Total return, excluding revaluation of derivatives	10.6	10.4	20.3
Revaluation of derivatives	0.1	0.0	0.1
<b>Total comprehensive return</b>	<b>10.7</b>	<b>10.4</b>	<b>20.4</b>

1 Small differences are possible in the table due to rounding.

	30 June 2017	30 June 2016	31 December 2016
<b>Non-financial figures</b>			
Number of residential units	22,574	22,742	22,629
- apartments	13,639 (60%)	13,631 (60%)	13,602 (60%)
- single family houses	8,935 (40%)	9,111 (40%)	9,027 (40%)
Physical occupancy rate (in % of units)	97.4%	98.0%	97.8%

	H1 2017	H1 2016	FY 2016
<b>Non-financial figures</b>			
Number of units inflow	211	400	598
Number of units outflow	264	257	570
- individual unit sales	264	257	570
- residential building sales	0	0	0
Loss of rent (in %)	2.8	2.4	2.5

# Notes to the result

## Gross rental income

The theoretical rent was €126 million in the first half of 2017, an increase of €4 million compared to the theoretical rent in the same period of last year (2016: €122 million). Despite a slight decline in the size of the portfolio compared to H1 2016, theoretical rent slightly increased on the back of indexing and an increase in contract rents for new tenants as a result of a rise in market rent levels.

The loss of rent amounted to 2.8% in the first half of 2017, a slight increase compared to the 2.4% loss of rent recorded in the first half of 2016. The gross rental income was €127 million in the first half of the year, compared with €124 million in the first half of 2016.

## Net rental income

Property operating expenses came in at €27 million in the first half of 2017, up €2 million compared with the €25 million reported in the first half of 2016. This increase was due to higher costs for planned maintenance. The gross/net ratio was 24.7% in the first half of 2017, compared with 23.9% in the same period of 2016. Net rental income amounted to €92 million in the first half of 2017 (H1 2016: €91 million).

## Result from property sales

Vesteda sold a total of 264 houses from its portfolio in the first half of 2017, compared with 257 houses in the first half of 2016. In both years, these were all individual unit sales. A decline in the average sales margin (to 14.7% in the first half of 2017, from 18.8% in the first half of 2016) led to a decline in the results from property sales to a total of €6 million in the first half of 2017, from €7 million in the first half of 2016.

## Management expenses

Management expenses came in at €7 million in the first half of 2017, from €15 million in the first half of 2016. Excluding the exceptional charge for the reorganisation provision taken, the management expenses came in at €8 million in the first half of 2016.

## Interest expenses

Interest expenses increased by €1 million to €16 million in the first half of 2017, from €15 million in the first half of 2016. The higher interest expenses were due to a higher outstanding average debt position for the financing of projects in the acquisition pipeline. The addition of €280 million to the shareholders equity on 29 May was partly used to repay the Revolving Credit Facility, as a result of which the debt position was lower at the end of the first half of 2017 than at the end of 2016 and the end of the first half of 2016.

## Realised result

The realised result amounted to €75 million in the first half of the year, compared with €68 million in the first half of 2016. Excluding the exceptional charge in 2016 for the reorganisation provision, the realised result in the first half of 2017 was in line with the same period of 2016 (€75 million in H1 2017; €74 million in H1 2016).

## Unrealised result

The continuing positive sentiment in the housing market resulted in a positive revaluation of 5.6% of the investment portfolio in the first half of 2017, which led to an unrealised result of €246 million (H1 2016: €207 million). The revaluation of projects in progress was also positive and made a positive contribution to the unrealised result.

## Total comprehensive result

The total comprehensive result came in at €325 million in the first half of 2017, compared with €274 million in the same period 2016. The total return on opening equity stood at 10.7% (H1 2016: 10.4%). The difference is largely due to a higher unrealised return.

# Investment portfolio

	H1 2017
<b>Investment portfolio, changes in value (in € mln)</b>	
Value at start of year	4,207
Capex	11
Inflow	53
Outflow	(41)
Revaluation	237
<b>Value investment portfolio ultimo H1 2017</b>	<b>4,467</b>

	H1 2017
<b>Investment portfolio, changes in units</b>	
Number of units beginning of year	22,629
Inflow	211
Reclassification	(2)
Outflow	(264)
<b>Number of units ultimo H1 2017</b>	<b>22,574</b>

Vesteda added a total of 211 homes to its portfolio in the first half of 2017. This involved two projects in Amsterdam, one project in Diemen and one project in Den Bosch. All of these projects are in one of Vesteda's core regions and have rents in the mid-rental segment. In the first half of 2017, Vesteda sold a total of 264 homes from its investment portfolio and reclassified two homes. On balance, the investment portfolio declined by 55 residential units to a total of 22,574 units.

## Additions to the investment portfolio H1 2017

Building	Location	Total number of units	Apartment / Family house	Region	Rental segment
De Hagen II	Amsterdam	32	Apartment	Core	Mid
De Diemer	Diemen	98	Apartment	Core	Mid
De Generaal	Amsterdam	56	Apartment	Core	Mid
De Goudsbloem	Den Bosch	25	Apartment	Core	Mid
<b>Total inflow</b>		<b>211</b>			



# Acquisition pipeline

In the first half of 2017, Vesteda added two projects totalling 99 homes to its acquisition pipeline. These projects are in Assen (Diepstroeten) and in Arnhem (Parnassushof). Vesteda transferred a total of 211 houses from its acquisition pipeline to its investment portfolio in the period under review. On balance, the acquisition pipeline declined by 112 houses to 1,639 houses at the end of the first half of 2017, from 1,751 at the end of 2016. All projects are an excellent fit with Vesteda's portfolio in terms of region, rental segment and energy label.

Building	Location	Total number of units	Apartment/ Family house	Region	Rental segment	Expected completion
Seattle Boston	Rotterdam	48	Apartment	Core	Mid	2017
Dunantstraat	Amsterdam	73	Apartment & Family house	Core	Mid	2017
Parnassushof	Arnhem	54	Family house	Core	Mid	2017
Schinkelhof	Amsterdam	64	Apartment	Core	Regulated/Mid/ Higher	2018
Aan de Rijn	Arnhem	94	Apartment	Core	Mid	2018
Tango	Haarlem	55	Apartment	Core	Mid	2018
Amstel Tower	Amsterdam	192	Apartment	Core	Mid	2018
Diepstroeten	Assen	45	Family house	Secondary	Mid	2018
Leidsche Rijn Centrum (for rent)	Utrecht	440	Apartment	Core	Mid	2018
Leidsche Rijn Centrum (for sale)	Utrecht	121	Apartment	Core	Mid	2018
Apollo	Purmerend	84	Apartment	Core	Mid	2018
Alpha	Leiden	134	Apartment	Core	Mid	2018
De Staatsmannen	Utrecht	235	Apartment	Core	Mid	2019
<b>Total</b>		<b>1,639</b>				



Apollo, Purmerend



Diepstroeten, Assen



Tango, Haarlem



De Staatsmannen, Utrecht



Schinkelhof, Amsterdam



Leidsche Rijn Centrum, Utrecht



Dunantstraat, Amsterdam



Aan de Rijn, Arnhem



Amstel Tower, Amsterdam



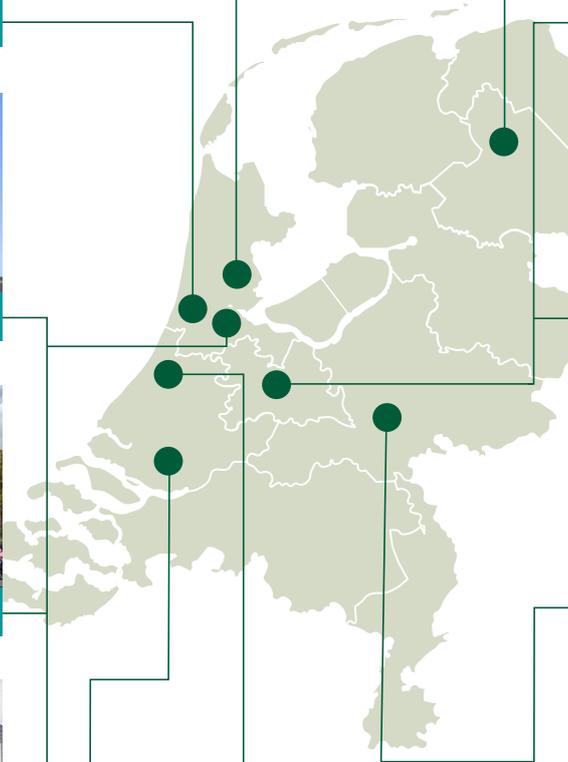
Parnassushof, Arnhem



Seattle Boston, Rotterdam



Alpha, Leiden



# About Vesteda

Vesteda is an enterprising investor with a clear focus on the Dutch residential real estate market. Vesteda invests funds for institutional investors such as pension funds and insurers. Vesteda has total capital of €4.5 billion invested in real estate. The company's rental portfolio stands at a total of around 23,000 residential units. Vesteda's key investment regions are the Randstad region and the Brabant metropolitan area. In 2016, Vesteda generated a total result of €537 million, with approximately 200 employees.

## For additional information

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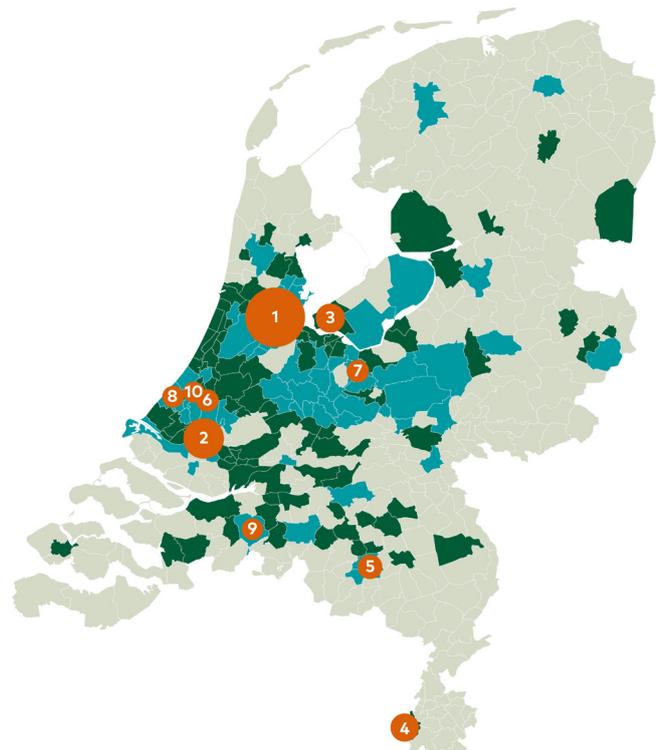
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## Portfolio distribution (year-end 2016)

- Primary regions
- Secondary regions
- Other

	Value YE 2016 in € million (% of total investment portfolio)
1 Amsterdam (primary)	894 (21%)
2 Rotterdam (primary)	409 (10%)
3 Almere (secondary)	212 (5%)
4 Maastricht (secondary)	200 (5%)
5 Eindhoven (primary)	150 (4%)
6 Zoetermeer (secondary)	127 (3%)
7 Amersfoort (primary)	125 (3%)
8 The Hague (primary)	117 (3%)
9 Breda (primary)	115 (3%)
10 Leidschendam-Voorburg (secondary)	112 (3%)



## Design

Cascade - visuele communicatie, Amsterdam

