

# Broad view, strong focus

Annual Report 2014





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# Vesteda Annual Report 2014

**DISCLAIMER** References in this Annual Report to 'Vesteda', 'we', 'the company' or similar terms mean Vesteda as defined in the 'Legal structure' section on page 45. This Annual Report contains forward-looking statements. Those statements may - without qualification - contain expectations on future realised and unrealised results, yields, distributions, government measures, the effect of other regulatory measures on Vesteda's activities, the partnership contributions in Vesteda, subsidiaries and joint ventures, macro-economic trends and Vesteda's performance in them. Such comments are preceded or followed by or contain terms such as 'believe', 'expect', 'forecast', 'of the opinion', 'anticipate' or similar terms. These forward-looking statements are based on current assumptions about future activities and are subject to known and unknown factors and other uncertainties, many of which are beyond Vesteda's control, and so actual results in the future may differ materially from these expectations.

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# Profile Vesteda

## HIGH-QUALITY PLATFORM FOR INSTITUTIONAL INVESTORS

With a portfolio of almost 23,000 residential units, Vesteda is the largest independent residential fund in the Netherlands. Vesteda is internally managed, cost-efficient and has its own in-house property management.



Dutch rental market



Mid-rental sector



Primary regions

## KEY CHARACTERISTICS

### Vesteda

- Established in 1997 as Vesteda Woningen (Vesteda Residential Fund) as a spin-off of the residential portfolio from Dutch pension fund ABP
- Open-end core residential real estate fund
- Broad institutional investor base with a long-term horizon
- Attractive risk profile
- Governance in accordance with best-practice guidelines, including INREV, with the emphasis on transparency and alignment of interests
- Limited use of leverage (34.5% at year-end 2014, target 30-40%)
- Active investor relations policy
- Internally managed: no management fee structures and carried interest arrangements
- Transparent for tax purposes (fund for the joint account of participants; FGR fund structure)

### Assets

- Well-diversified portfolio (337 residential complexes largely located in economically strong or promising parts of the Netherlands)
- Focus on economically strong regions such as the Randstad and Noord-Brabant
- Focus on the mid-rental segment
- Vesteda offers sustainable housing and operates in a socially responsible manner

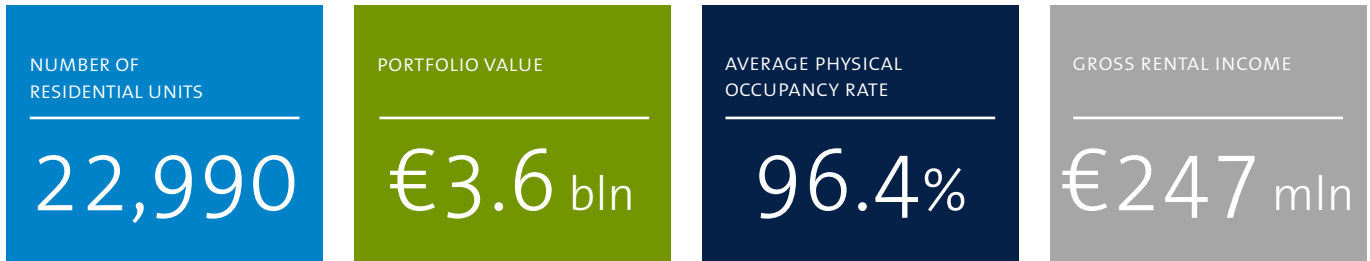
### Target

- Outperformance of the three-year IPD Netherlands 'All Residential' benchmark <sup>1)</sup>
- Stable annual distributions of realised return, excluding result on disposals
- Indirect yield over the long-term that on average at least equals Dutch CPI
- Stable tenant satisfaction score <sup>2)</sup>

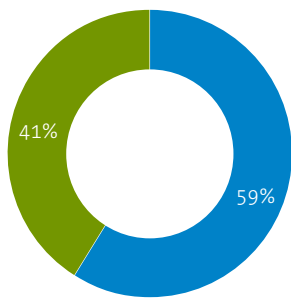
1 Annex 3 provides an overview of the IPD residential benchmark results (2010-2014)

2 Annex 7 provides an overview of the tenant survey results (2010-2014)

**KEY PORTFOLIO CHARACTERISTICS (YEAR-END 2014)**

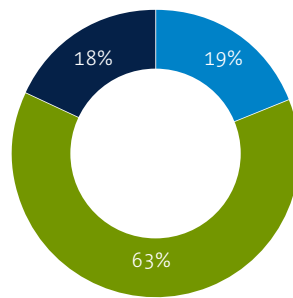


**Portfolio by type of residential unit (IN UNITS)**



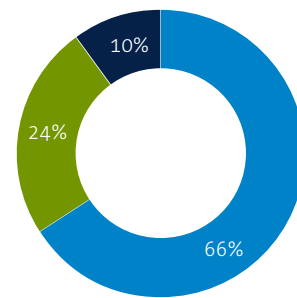
■ Apartment  
■ Family house

**Portfolio by rental segment (IN VALUE)**



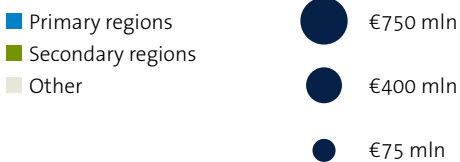
■ Regulated segment  
■ Mid-segment  
■ Higher segment

**Portfolio by region (IN VALUE)**

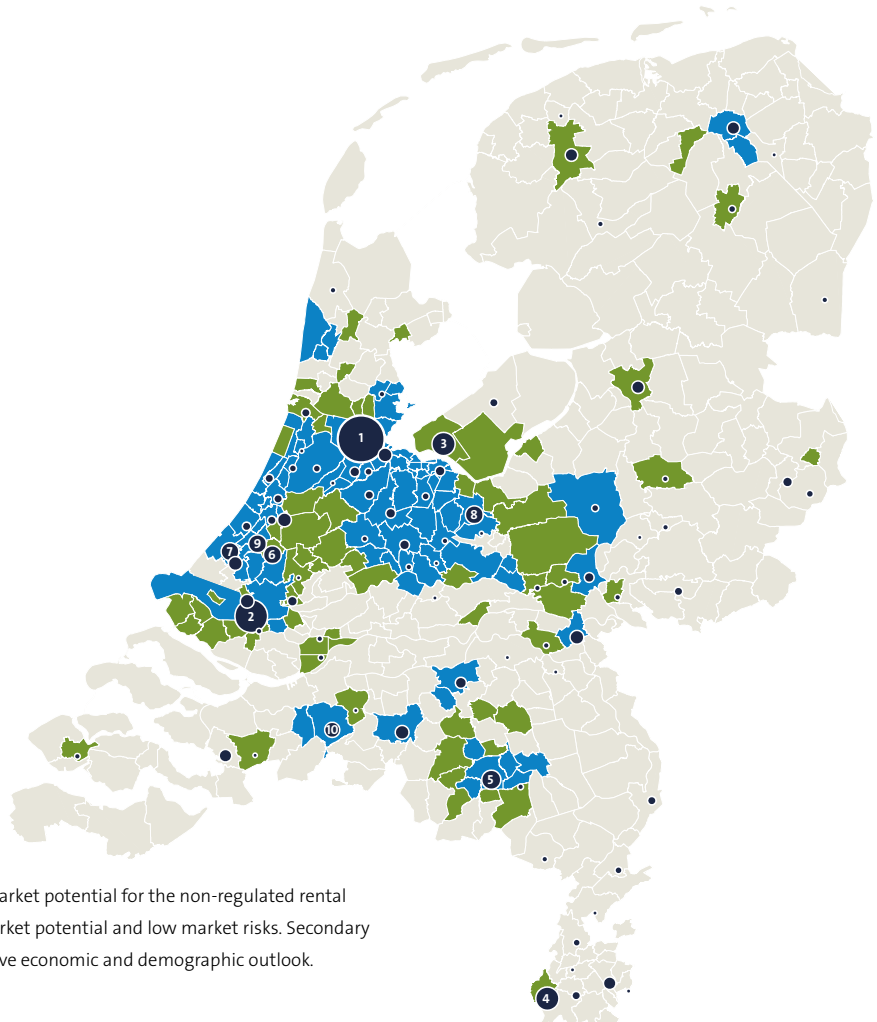


■ Primary<sup>1)</sup>  
■ Secondary<sup>1)</sup>  
■ Other

**Portfolio distribution (year-end 2014)**



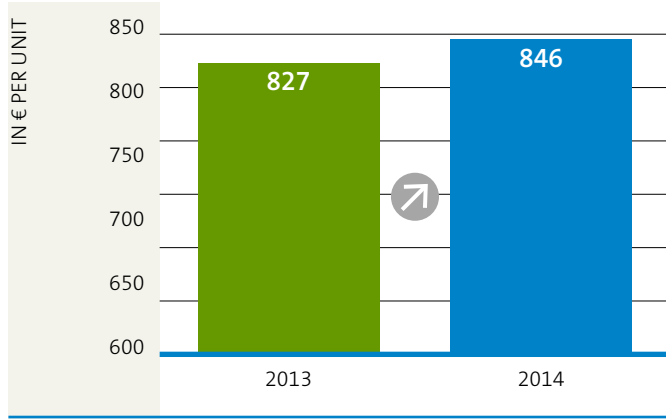
- |                         |                |
|-------------------------|----------------|
| 1 Amsterdam             | €635 mln (18%) |
| 2 Rotterdam             | €355 mln (10%) |
| 3 Almere                | €191 mln (5%)  |
| 4 Maastricht            | €189 mln (5%)  |
| 5 Eindhoven             | €134 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%)   |



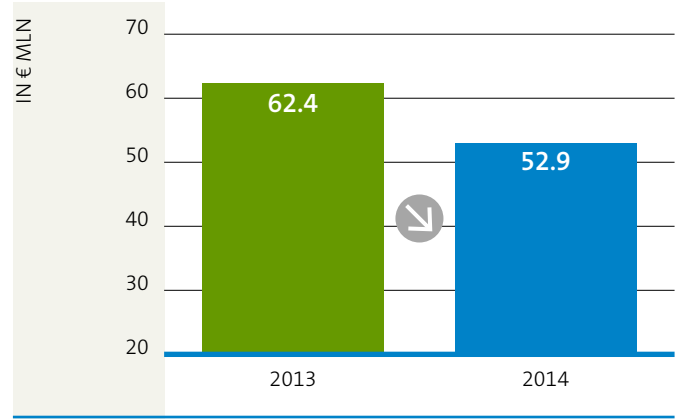
1 Primary regions are regions that offer the highest market potential for the non-regulated rental sector. These regions are characterised by a high market potential and low market risks. Secondary regions score less in some respects but have a positive economic and demographic outlook.

# Highlights 2014

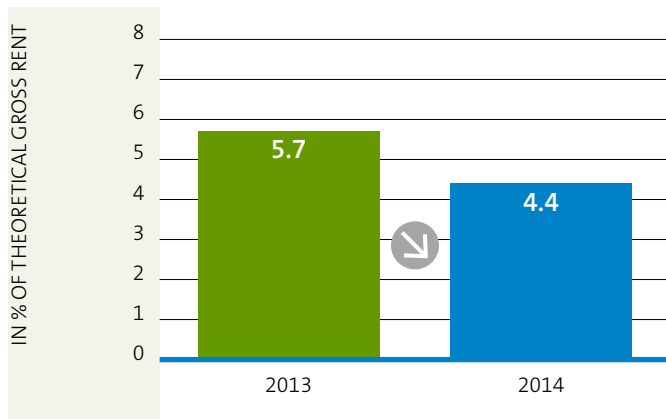
Average monthly rent



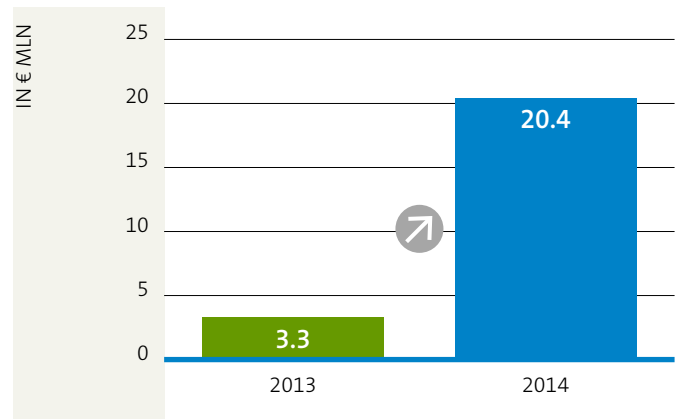
Interest expenses (including amortised fees)



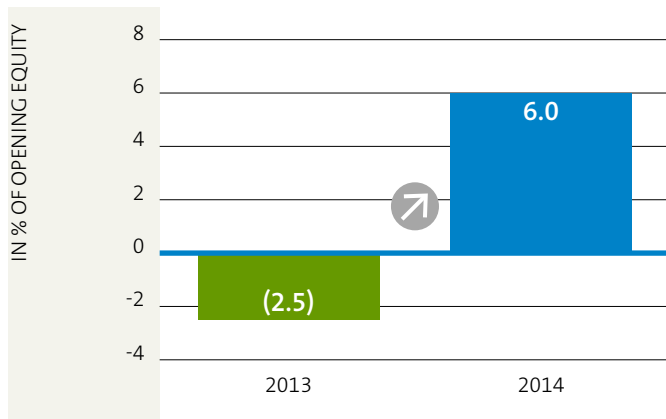
Financial vacancy



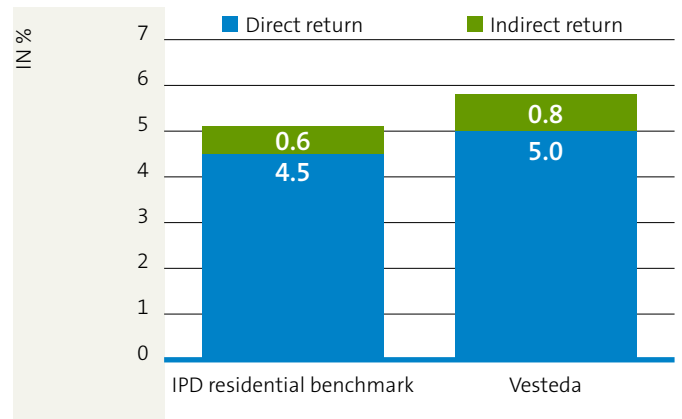
Result on disposals



Total return (excl. revaluation of derivatives)



Vesteda vs IPD residential benchmark





# Key developments 2014

## PORTFOLIO

- New developments into operation: Markthal (Rotterdam), Jheronimus (Den Bosch), Marckhoek (Breda). Representing a total of 169 residential units and a value of €45.5 million
- Changed disposal strategy from block sales to profitable individual unit sales: 746 individual residential units sold generating a net result of €20.0 million (margin of 16.9%)
- First positive revaluation since 2008
- Vesteda outperformed the IPD Netherlands 'All Residential, All Investments' benchmark, both on the direct return (+0.5%) and indirect return (+0.1%)

## ORGANISATION

- Capacity acquisitions team increased
- Efficiency improvements realised at Property Management following the reorganisation
- Integration of Portfolio Management and Asset Management
- First fund manager with AIFMD-license
- ISAE 3402 certification Type II for investment management and ISAE 3402 certification Type I for property management
- Number of FTEs fell to 189 at year-end 2014 from 227 at year-end 2013

## APPOINTMENTS

- New CEO Gertjan van der Baan (January), new CFO H el ene Pragt (September)
- Nico Mol appointed as director Acquisitions & Development (November). Former director of Project Development

## FUNDING

- S&P BBB corporate credit rating
- €300 million inaugural Bond Issue (EMTN)
- €100 million Private Placement
- €30 million secondary equity transaction
- €50 million equity redemption

# Introduction by the Managing Board



HÉLÈNE PRAGT (CFO) AND GERTJAN VAN DER BAAN (CEO)

## RECOVERY ON ALL FRONTS

In 2014, the real estate market saw a return to favourable conditions for the first time since the beginning of the crisis in 2008. Recovery of the residential market went faster than many expected, as a result of positive economic developments and low interest rates. A slight negative revaluation in the first half of 2014 was compensated by a positive revaluation of our residential portfolio in the second half of the year, the first upward revaluation for a good number of years.

Vesteda's own performance in 2014 clearly improved as well. This improvement largely resulted from the focus on individual unit sales, rather than the sale of entire complexes, reduced interest charges as a result of the BBB corporate credit rating as received from Standard & Poor's and several refinancing activities including the subsequent bond issue, lower property operating expenses and improved occupancy levels in all segments of the portfolio.

## IN THE SPOTLIGHT

The Dutch residential market attracts growing attention from investors in view of these recent developments. In addition to a structurally attractive direct return combined with low risk, this appears a positive moment to enter the market, after six successive years of negative revaluations. This was confirmed by the growing number of new entrants in 2014. These included a number of foreign investors, who secured a position in the Dutch residential market through the acquisition of (sub) portfolios.

## SPECIALIST IN THE RESIDENTIAL MARKET

As the largest independent residential investment fund in the Netherlands, Vesteda provides a platform for investors who have or want to obtain exposure to the Dutch residential market through indirect investments. Vesteda has been active in the Dutch residential market with a single fund since 1997. Furthermore, being a 'spin-off' from ABP, our history goes back much further. The many years of experience and the focus on this market, combined with the company's in-house property management, makes Vesteda a true residential specialist. The portfolio, which comprises almost 23,000 residential properties, provides diversity in terms of both rental market segment and region. Vesteda's activities are focused in the economically stronger regions of the Netherlands, such as the Randstad urban conurbation and the province of Noord-Brabant.

## UPWARD POTENTIAL

Vesteda expects to further improve its results in the years ahead. In addition to the expected continued improvements in the residential market, results should also be boosted by the impact of reduced interest charges and lower management expenses due to the effect of the property management reorganisation in 2014.

In 2015, Vesteda will focus on continued optimisations. This will include the optimisation of processes, organisation and systems within portfolio management, property management, acquisitions, disposals and funding. We have already taken significant steps here in 2014. As part of this effort, we increased the capacity of our acquisitions team, putting us in a position to respond effectively to acquisition opportunities as they arise, and of course realise Vesteda's growth ambitions. We have reorganised the Property Management department and we have invested in the online client portal, Mijn Vesteda (My Vesteda), which enables tenants to handle most of their rental issues themselves, 24 hours a day, seven days a week.

In 2015, Portfolio Management and Property Management will further intensify their cooperation to ensure that we further explore on the best possible use of our residential market know-how and experience. Furthermore, Vesteda plans to further intensify its CSR activities and we will continue to intensify our investor relations activities, to help us boost the liquidity and the growth of the fund. We are convinced that 2015 will be a positive and successful year for Vesteda.

# Members of the Managing Board

The Managing Board of Vesteda consists of Gertjan van der Baan (CEO) and H el ene Pragt (CFO).



## **Gertjan van der Baan (1968)**

*Chairman of the Managing Board (since 1 January 2014. First term of office ends in December 2017).*

As Chief Executive Officer, Gertjan van der Baan is responsible for Portfolio Management, Property Management, Acquisitions & Development, HR Management and Corporate Social Responsibility. Before joining Vesteda, Gertjan van der Baan was chairman of the Managing Board of Dutch residential property investor Nationaal Grondbezit 'Nagron'. Nagron is part of the Rotterdam-based investor Van Herk Group, where he also served as CEO from 2009. Prior to joining Van Herk Group, Gertjan van der Baan worked nearly nine years at merchant bank Kempen & Co in the field of Corporate Finance.



## **H el ene Pragt (1966)**

*Member of the Managing Board (since 15 September, 2014. First term of office ends in September 2018).*

As Chief Financial Officer, H el ene Pragt is responsible for Fund Management (including Treasury, Investor Relations, Risk & Compliance, Control & Finance), Tax, IT and Legal Affairs. H el ene Pragt's previous employers include Achmea and Unibail-Rodamco/Rodamco Europe. H el ene Pragt held various positions at these companies, including Director Finance Unibail-Rodamco in the Netherlands and Belgium, and Director of Finance and Riskmanagement Achmea Shared Services. She has also been a member of the Supervisory Board and Chairman of the Audit Committee of housing association De Alliantie since 2008.

# Members of the Management Team



**Hans Touw**, *Director Portfolio Management*  
Joined Vesteda in 2010



**Astrid Schlüter**, *Director Property Management*  
Joined Vesteda in 2013



**Nico Mol**, *Director Acquisitions & Development*  
Joined Vesteda in 2002



**Ruud Spee**, *Director Fund Management*  
Joined Vesteda in 2006



**Trudy van Twuijver**, *Manager Human Resources*  
Joined Vesteda in 2011

# Management Report

## MARKET DEVELOPMENTS

### General

The market in which Vesteda operates continued its recovery in 2014. The demand for rental properties in the residential market increased as did the number of transactions and prices in the owner-occupied market. We also saw new construction slowly but surely start up again and on the investment market front there was a big increase in the amount of foreign capital available for investments in Dutch real estate.

### Economic recovery was fragile

The slight economic recovery did not translate into an increase in consumer spending, although households' purchasing power increased on the back of the low inflation figure of 1 percent. And while consumer confidence increased, the overall sentiment remained negative in the last year<sup>1)</sup>. The outlook for 2015 is more positive. For instance, the Dutch Central Planning Bureau (CPB)<sup>2)</sup> expects all economic factors to either move into positive territory or remain positive this year. This creates a healthy outlook for the Dutch rental market.

### Interest in rentals increases

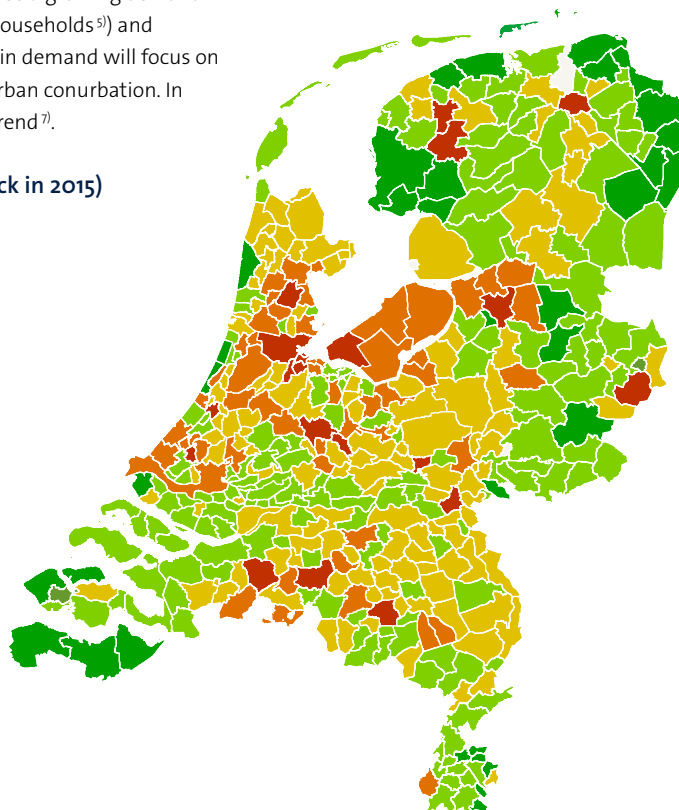
Demand for rental properties improved in 2014, which led to higher per-m<sup>2</sup> prices<sup>3)</sup> and higher occupancy rates in the residential portfolio. Upward pressure on the liberalised segment of the rental market should remain in the coming years and (qualitative) demand is expected to continue to exceed supply<sup>4)</sup>.

### Qualitative demand in economically strong regions

Based on demographic developments, we expect to see a growing demand for smaller homes (growing number of one-person households<sup>5)</sup>) and lifecycle proof homes for the elderly<sup>6)</sup>. The emphasis in demand will focus on economically strong regions, such as the Randstad urban conurbation. In those regions, m<sup>2</sup> prices will continue their upward trend<sup>7)</sup>.

### Housing shortage in 2020 (as % of housing stock in 2015)

- > 2.5%
- 2.5% to (2.1%)
- (2.1%) to (6.1%)
- (6.1%) to (13.1%)
- > (13.1%)



- 1 CBS Statline (2015), consumer confidence
- 2 CPB (2014), December forecast 2014 - Economic outlook 2015; table 1, page 7
- 3 IPD (2014), Database non-regulated sector rental homes
- 4 ABF Research (2014), Socrates 2014; page 23 etc.
- 5 CBS (2014) Forecast households on 1 January; key figures 2013-2060
- 6 CBS (2014) Forecast households divided by type; age, marital status, 2013-2060
- 7 IPD (2014), Database non-regulated sector rental homes

## Owner-occupied market starting to recover

The owner-occupied market has benefited from the improved economic climate in the past year; figures from the CBS/ kadastral register show that the number of transactions increased by 40 percent compared to 2013, rising to 153,500<sup>1)</sup> in total. Prices also showed some recovery; existing owner-occupied homes gained an average of 0.9 percent in value in 2014 compared to 2013<sup>2)</sup>, though there were clear regional differences. The Dutch real estate agents' association NVM noted an average price increase of 3.5 percent<sup>3)</sup> last year. The residential market is showing very clear signs of recovery. However, the outlook for 2015 remains modest, with expected value growth currently at one to two percent<sup>4)</sup>. This will be largely driven by the further tightening of mortgage interest tax relief for owner-occupied properties, as well as the termination of the first-time buyers' scheme ('starterslening').

## Housing market reform continues

In December 2014, the House of Representatives approved the amendment to the revised Housing Act and the bill is now with the Dutch Senate<sup>5)</sup>. The new Housing Act regulates the playing field and rules and regulation for housing associations. On the liberalised playing field, the competitive position of investors should improve, as housing associations can no longer use secured loans for this segment and will have to finance their activities at market rates. The Act also includes a freeze on the liberalised rental limit at the current level of €710.86<sup>6)</sup> as from 1 January 2016. This limit is also significant in the context of the revision of the official valuation system for rental properties. In the new system, a property's official value for tax purposes (WOZ waarde) will be included in the determination of rental values and the points rating will also be adjusted. The Housing Minister aims to put the amendment to the system into effect as of 1 October 2015. The effect of this amendment for Vesteda is that the number of potentially unregulated homes in our portfolio based on the number of points is expected to increase. The potential for rental growth will depend on market rents.

## Heavy demand for investment assets

Last year was a good year on the investment market for rental properties, with a total investment volume of some €2.6 billion<sup>7)</sup>. The bulk of these investments were in existing rental properties, with housing association homes particularly popular judging from the deals Vestia and WIF closed with foreign investors. Due to the changes in the rules and regulations for housing associations', the investment market should continue to see an increased supply of complexes and/or portfolios of homes for liberalisation. This will in turn create opportunities to add mid-market segment rental homes to our portfolio, in line with Vesteda's chosen strategy. The gross initial yields on large transactions in the past year were between 6.5 and 7.0 percent<sup>8)</sup>.

## Outlook 2015

Please refer to the section Outlook and management agenda on page 24 of this annual report.

## STRATEGY AND LONG-TERM OBJECTIVES

### Mission statement and strategy

Vesteda is a reliable housing company offering good quality living for the entire residential lifecycle of its tenants.

The company focuses on the mid-rental segment and often has the potential to offer its tenants multiple options within their search area at a fair price.

Vesteda's strategy is focused on the growth of its portfolio and improving its performance, resulting in increased returns and liquidity for its participants, together with satisfied tenants.

Vesteda's ambition is to be the best performing residential core investment fund in the Netherlands.

1 Kadaster (2015), Press release 19 January 2015

2 CBS Kadaster (2014), Economic monitor 21 January 2015; Existing owner-occupied houses; sales prices price index 2010 = 100

3 NVM (2015), Press release housing market figures Q4 2014

4 FD (2014), 'Housing market faces four hurdles' (article 3 January 2015)

5 Minister for Housing (2014), 'Amendment to the Revision Act on certified bodies in public housing' (letter to Dutch Senate, 17 December 2014)

6 Staatscourant (2014), determination liberalisation limit 2015 (18 November 2014)

7 Property NL (2015), investment volumes 2014 to €10.03 bn (article 5 January 2015)

8 Vesteda Research (2014) Portfolio transactions

## Strategic and portfolio objectives

Vesteda's ambition and strategy are translated into strategic and portfolio objectives. For our long-term targets, please refer to the Key performance indicators table in the section 'Outlook and management agenda' on page 25 of this report.

### Strategic objectives

#### Offering an attractive fund profile

- Maintaining a leading position in the Dutch residential investment market: large and well-diversified portfolio
- Attractive risk-return ratio: core residential investment fund with a defensive character
- Offering liquidity and fiscal transparency
- Conservative use of loan capital with optimal diversification by market, type of financing and maturity

#### Optimal portfolio management

- Target portfolio with accent on the mid-rental segment
- Acquisitions in economically strong market segments
- Gross/net ratio  $\leq$  25% (excluding landlord levy)
- Increased sustainability of the portfolio

#### Maintaining a professional and cost-effective organisation

- Professional and result-focused activities
- Maintaining customer satisfaction and customer focus
- Competitive management expenses
- Attracting and retaining talented employees

#### Optimising total return

- Stable distribution (realised result less result on disposals) and real long-term value growth
- Structural outperformance of the three-year IPD residential benchmark

In December 2014, management has identified the following five building blocks for value creation:

- Portfolio management
- In-house property management
- Disposals
- Acquisitions
- Funding

For each of these five building blocks, the strategy has to be simple, focused and agile. Well-designed processes should result in high-performing operations and a performance-driven organisation. The key values of both the organisation and its employees are cooperation, professionalism and entrepreneurial spirit. The operational developments 2014 and management agenda 2015 for each of these five building blocks are described on pages 15 to 18 and 26 of this report.

### Portfolio objectives

The shortage of homes is expected to continue to increase in the years ahead, especially in the economically stronger regions and in the mid-rental segment. Vesteda plans to increase the portfolio's concentration on the mid-market rental segment (monthly rents of between approximately €711 and €1,200). On top of this, the main focus will be on regions that are well positioned or have a positive economic and demographic outlook. Vesteda will continue to dispose of assets outside these regions in the years ahead.

Vesteda's acquisition strategy is focused on both individual complexes and whole portfolios of properties, and both new-build and existing homes. Vesteda considers housing associations important partners in light of developments in their sector.

This in combination with our disposal strategy should in the longer term result in a portfolio with an ever-increasing focus on the mid-rental segment, largely in the primary regions.



## OPERATIONAL DEVELOPMENTS

### Portfolio Management

In 2014, Vesteda merged its Portfolio Management and Asset Management departments to form the new Portfolio Management department. Portfolio Management is now responsible for all of Vesteda's strategic and operational real estate activities. Portfolio Management's focus is on value creation and the realisation of the highest possible returns on the company's real estate investments.

Thanks to an active letting policy through differentiated rent increases, dedicated investments to further improve the quality of the homes and targeted marketing campaigns, plus a pick-up in the rental market, Vesteda once again managed to reduce the financial vacancy rate in 2014. This was primarily seen in the higher-rental segment (to 11.1% at year-end 2014 from 13.8% at year-end 2013). The churn rate was also much lower in this segment last year (to 14.6% in 2014 from 22.6% in 2013).

### In-house property management

Vesteda had largely completed its reorganisation of Property Management by the end of 2014. The company has redesigned the letting and management processes, largely with a view to stimulating entrepreneurship by delegating responsibility and result accountability at every level of the organisation. Property Management plans to further reduce its number of employees in 2015, to around 110 FTEs (from 153 FTEs at year-end 2013 and 116 FTEs at year-end 2014). In addition, Property Management rolled out its online tenant portal *Mijn Vesteda (My Vesteda)* on a national level in 2014. This portal enables tenants to take care of rental matters 24/7 and it gives them direct access to suppliers in the event of breakdowns or power-outs. The launch went smoothly and the portal has been very well received by tenants.

### Disposals

In early 2014, Vesteda decided to discontinue major disposals from its portfolio. Despite a great deal of interest from international funds and Dutch private investors, the prices offered were such that (multi-unit) complex sales would not have been profitable. Instead, last year Vesteda devoted a great deal of attention to optimising the individual unit sale process. Thanks to this effort, Vesteda was able to respond very effectively to the continued recovery in the owner-occupied housing market. In 2014, the number of unit sales increased to 746, compared with 337 in 2013. The sales margin came in at 16.9%, compared with 15.5% in 2013.

### Acquisitions

A few years ago, Vesteda has made the strategic decision to focus entirely on its investment activities. In line with this decision, the company has in recent years steadily downsized project development activities. There are only a small number of ongoing projects left in the pipeline. To continue to meet the demand for affordable rental homes, it was necessary to bolster and focus on Vesteda's acquisition activities. This is why Vesteda last year decided to incorporate the acquisition activities in a new department, Acquisitions & Development, and to expand the acquisition team. As of 1 January 2015, the team comprises six employees, including a number of employees who were previously active in project development. Their know-how and experience of development projects will now be used for the acquisition of turnkey projects and large-scale renovation projects related to existing acquisitions. In 2014, Vesteda took the initial steps in a large number of potential acquisitions. This should result in a considerably larger acquisition portfolio in 2015.

In 2014 Vesteda acquired the following complexes: existing complex De Boelelaan located in Amsterdam Zuid (transfer in Q1 2015; after renovation ready for occupation in early 2016), existing complex De Ooievaar in Purmerend (transfer in January 2015), new-build complex Schuytgraaf in Arnhem (delivery set for Q2 2015) and new-build complex Seattle Boston in Rotterdam (delivery set for Q1 2017).

The complexes are all located in economically strong regions and the rent from these homes is generally in the mid-rental segment.

Projects completed in 2014

Complex building	Total number of units	Additions to investment portfolio	For sale
Jheronimus, Den Bosch <sup>1)</sup>	88	44	44
Marckhoek, Breda <sup>1)</sup>	64	23	41
Markthal, Rotterdam	102	102	-
Amazones, Den Bosch <sup>1)</sup>	42	-	42
	<b>296</b>	<b>169<sup>2)</sup></b>	<b>127<sup>3)</sup></b>



1 Vesteda Project Development  
 2 Representing a total value of €45.5 mln  
 3 All units for sale (127 in total) have been sold in 2014

Pipeline year-end 2014

Acquisitions (committed) and development	Total number of units	Additions to investment portfolio	For sale	Into operation (expected year)
De Ooievaar, Purmerend <sup>2)</sup>	30	30	-	2015
Amazones, Den Bosch <sup>1)</sup>	42	42	-	2015
De Boelelaan, Amsterdam <sup>2)</sup>	154	154	-	2015
Schuytgraaf, Arnhem <sup>2)</sup>	29	29	-	2015
CZAN, Amsterdam	14	14	-	2015
CZAN2, Amsterdam	64	64	-	2016
Seattle Boston, Rotterdam <sup>2)</sup>	48	48	-	2017
Leidsche Rijn Centrumplan, Utrecht <sup>1)</sup>	477	252	225	2017
	<b>858</b>	<b>633<sup>3)</sup></b>	<b>225</b>	



1 Vesteda Project Development  
 2 Committed for in 2014  
 3 Representing a total value of €134.5 mln

## Funding

In 2014, Vesteda further professionalised and intensified its investor relations, with the aim of increasing liquidity in the Vesteda fund. This should in turn increase the company's equity and enable it to take advantage of attractive acquisition opportunities. The company devotes a great deal of attention to establishing contacts with new leading institutional investors. In addition, following a number of organisational changes it is now possible for new participants to enter the fund at any time.

Furthermore, Vesteda successfully continued the execution of its funding diversification strategy and realised significant milestones for its conversion from a secured CMBS funding structure to a corporate unsecured borrowing structure. Vesteda further optimised its debt funding profile and materially reduced its cost of loan capital.

## NOTES TO THE RESULTS

## Key figures

	2014	2013	Change (%)
<b>Income (in € mln)</b>			
Gross rental income	247.4	254.1	(3%)
Loss of rent	(10.8)	(14.5)	(26%)
Property operating expenses	(61.8)	(60.1)	3%
Other income	1.3	1.6	(19%)
Net rental income	176.1	181.1	(3%)
Result on projects in progress	3.8	(2.2)	>100%
Net income	179.9	178.9	1%
Result on disposals	20.4	3.3	>100%
Management expenses	(20.5)	(16.5)	24%
Interest expenses (including amortised fees)	(52.9)	(62.4)	(15%)
Unwind derivative position	(12.5)	-	
Realised result (before tax)	114.4	103.3	11%
Unrealised result	21.8	(162.6)	>100%
Result (before tax)	136.2	(59.3)	>100%

	31 December 2014	31 December 2013
<b>Balance Sheet (in € mln)</b>		
Total assets	3,667	3,782
Equity	2,262	2,280
Loan capital	1,265	1,350
Leverage (in %)	34.5	35.7

	Preceding 12 months
<b>Loan Capital (in € mln)</b>	
Interest expenses	46.6
EBITDA	155.7

	2014	2013
<b>Return on Equity (in % of opening equity)</b>		
Realised return	5.0	4.2
- excluding result from disposals and unwind derivatives	4.6	4.1
- result on disposals	0.9	0.1
- result from unwind derivatives position	(0.5)	-
Unrealised return	1.0	(6.7)
Total return excluding revaluation of derivatives	6.0	(2.5)
Revaluation of derivatives	(0.2)	1.7
Total return	5.8	(0.8)
Total return (in € per participation)	5.36	(0.76)
Distribution to investors <sup>1</sup>	4.7	4.1
Distribution to investors (in € per participation)	4.35	3.98

1 Vesteda's distribution policy is to pay the realised return excluding the result on disposals and excluding the result of the unwind of derivative positions

	31 December 2014	31 December 2013
<b>Non-Financial Figures</b>		
Number of units managed	22,990	23,791
- apartments	13,574 (59%)	14,047 (59%)
- single family homes	9,416 (41%)	9,744 (41%)
Number of units bought	169	49
Number of units sold	1,012	1,364
- individual unit sales	746	337
- complex sales	266	1,027
Occupancy rate (in % of units)	96.6	96.1

	2014	2013
Financial vacancy rate (in % of theoretical gross rent)	4.4	5.7
Tenant satisfaction (rating out of 10)	6.9	6.9
Number of employees (in FTE)	189	227
Average energy index (EI) letting portfolio	1.53;C	1.57;C

For a ten-year overview of key figures please see Annex 1 on page 94.

### Gross rental income

Gross rental income amounted to €247.4 million in 2014, 3% lower than the gross rental income reported for 2013. This decline was due to the reduced size of the portfolio, which in turn was the result of a higher portfolio outflow than inflow in the year under review (€142.4 million in disposals compared with an inflow in the investment portfolio of €45.5 million). However, the average rent per residential unit stood at €846 at year-end 2014, a rise of 2.2% compared with 2013. On a like-for-like basis the increase came in at 1.7%, which is significantly above the inflation rate in 2014 of 1.0%.

### Lower loss of rent

Thanks to active asset management and property management, Vesteda managed to reduce vacancy levels in all segments of the portfolio, but most importantly in the higher-rental segments. The result was boosted by greater differentiation in rent levels, marketing efforts, individual unit sales and dedicated investments in the quality of the portfolio. Vesteda cut loss of rent to €10.8 million from €14.5 million, which partly offset the lower gross rental income and reflects the improved earning power of the portfolio. The financial vacancy rate improved to 4.4% in 2014, from 5.7% in 2013.

### Higher property operating expenses

Total property operating expenses increased to €61.8 million in 2014, from €60.1 million in 2013. This increase was largely due to the landlord levy introduced in 2013. The levy amounted to €4.5 million in 2014, much higher than the €0.2 million in 2013. This cost increase was offset to a large extent by lower vacancy-related service charges and lower property management costs.

Property operating expenses expressed as a percentage of gross rental income came in at 25.9%. Excluding the landlord levy, this percentage dropped to 24%, well below the target of 25% set for 2014.

### Result on projects in progress

Result on projects in progress consists of the income from development projects that have been completed and either added to the investment portfolio or sold in the market. The improved market conditions led to higher sales volumes at better prices, which contributed to the €3.8 million result on projects in progress.

### Increased result on disposals

In 2014, Vesteda changed its disposal strategy to take more effective advantage of the improving market conditions. Individual unit sales were higher, while complex sales fell. Only 266 units were sold through complex sales, but these still added €0.2 million to the result on disposals. Vesteda realised 746 unit sales, with a net margin of 16.9%, adding €20.0 million to the result on disposals. This change in strategy resulted in €20.4 million result on disposals (including a result of €0.2 million from the sale of commercial real estate), a significant increase compared to 2013, and a significant boost to returns on the portfolio.

### Higher management expenses

Management expenses were higher than the previous year. In 2014, Property Management was restructured to bring costs in line with market levels and to further improve processes and service quality. These costs amounted to €3.4 million in 2014.

In 2014, due to the restructuring, Vesteda staff numbers fell to 189 FTEs from 227 FTEs a year earlier.

### Lower net interest expenses

The decrease in net interest expenses (-15%) was due to lower overall outstanding debt and the corporate refinancing of existing CMBS notes. In 2014, Vesteda deleveraged an amount of €85 million and successfully refinanced €400 million of debt at more favourable pricing conditions.

In April 2014, Vesteda refinanced €350 million of its CMBS notes (the A7 notes) with a bridge facility. Subsequently, in July 2014 Vesteda Finance B.V. issued a €300 million corporate bond, which refinanced the bridge facility.

In addition to this, in May 2014 Vesteda entered into a seven-year private placement with Pricoa Capital Group. These transactions contributed to Vesteda's targets of increased debt funding diversification and the extension of the debt's overall maturity profile.

As a result, average interest costs fell to 4.1% in 2014 from 4.3% in 2013. Vesteda reduced its leverage ratio to 34.5% at year-end 2014 from 35.7% at year-end 2013.

### Unwind derivative position

The fixed rate refinancing and deleveraging activities required Vesteda to adjust its hedging position. We decided to reduce the notional of a €625 million Interest Rate Swap by €135 million to €490 million at an unwinding cost of €12.5 million. This transaction took place in September and was NAV neutral.

### Higher realised result

Although the portfolio shrank in 2014, lower vacancies, solid returns on development projects, lower interest expenses and higher result on disposals led to a significant increase in the realised result. This higher result offset the lower gross rental income, the hedge unwind, the landlord levy and the higher management expenses following the reorganisation at Property Management in 2014. The earning power of the portfolio improved strongly in 2014.

### Unrealised result

In 2014, Vesteda booked a positive unrealised result for the first time since 2008, thanks to the improved market conditions in the Dutch residential market. The positive revaluation of the portfolio was 0.5%. Together with the changes in the provisions for pipeline portfolio properties under construction, the unrealised result came in at €21.8 million, compared to a negative result of €162.6 million in 2013.

### Result before tax

Thanks to the strong improvement of both realised and unrealised results, Vesteda booked a net result before tax of €136.2 million, compared to a loss of €59.3 million in 2013.

### Equity

At 31 December 2014, equity stood at €2,262 million, compared with €2,280 million at 31 December 2013. This drop of €18 million was the balance of a positive result minus capital distributions: total result (€132 million), the redemption of participations (€50 million) and payment of the dividend realised in the financial year 2013 (€100 million).

Vesteda's distribution policy is to pay the realised result less the result on disposals from the previous financial year. Realised result less the result on disposals amounted to €94.0 million in 2014. As a result of the one-off character of the unwinding transaction, Vesteda proposes not to take the unwinding cost into account for the 2014 distribution calculation. Vesteda will therefore propose to the General Meeting of Participants the pay-out of a total distribution of €106.5 million for the 2014 financial year.

### List of institutional investors (participants)

At year-end 2014, Vesteda's participant base consisted of the following 18 institutional investors, in alphabetical order:

- APG Strategic Real Estate Pool N.V.
- Delta Lloyd Levensverzekering N.V.  
(includes Delta Lloyd Vastgoed Participaties B.V.)
- Delta Lloyd Life N.V.
- Loyalis Leven N.V.
- Loyalis Schade N.V.
- Nationale-Nederlanden Group
- Stichting Achmea Dutch Residential Fund
- Stichting Bedrijfstakpensioenfonds voor de Media PNO
- Stichting Depository PGGM Real Estate Fund
- Stichting Pensioenfonds ABP
- Stichting Pensioenfonds C1000
- Stichting Pensioenfonds Openbaar Vervoer
- Stichting Pensioenfonds voor de Grafische Bedrijven
- Stichting Pensioenfonds voor Fysiotherapeuten
- Stichting Pensioenfonds Xerox
- Stichting Spoorwegpensioenfonds
- Stichting TKPI European Real Estate Fund

On 30 June 2014, APG Strategic Real Estate Pool N.V. entered the fund as a new participant. This was effected via a so-called Specified Terms Transaction (or a secondary trade), under which Stichting Achmea Dutch Residential Fund simultaneously reduced the size of its interest in the fund by the same number of participations.

### Number of issued participations

At the end of December 2014, Vesteda had redeemed a total of 535,275 participations, representing an amount of €50 million. As at 31 December 2014, Vesteda Residential Fund had issued a total of 24,045,495 participations (31 December 2013: 24,580,770).

## Loan capital

### Market environment

In 2014, the conditions for sourcing new debt in the loan markets and debt capital markets improved further on the back of higher liquidity and a continued decline in interest rates. The environment for investment grade borrowers remained favourable overall for sourcing new loans and the issuance of private and public notes.

In contrast, since the outbreak of the credit crisis in 2007, conditions for the issuance of new CMBS notes have remained strained and offer significantly fewer opportunities for the refinancing of existing notes.

### Long-term financing strategy

The financing strategy of Vesteda is to constantly improve its financing risk profile by increasing the diversification of its financing sources and maturities, while maintaining a relatively low leverage with a long-term target of 30%. By refinancing its CMBS paper with corporate unsecured loans and via the debt capital markets, Vesteda is aiming to reduce its average interest costs and to extend the maturity profile of its portfolio.

### 2014 in review

At year-end 2014, Vesteda's drawn loan capital amounted to €1,265 million and represented 35.2% of its total investment portfolio. In the course of 2014, Vesteda was able to continue on its path of lowering interest costs to 4.1% in 2014 from 4.3% in 2013.

In 2014, Vesteda successfully continued the execution of its funding diversification strategy and realised important milestones for its switch from a secured CMBS funding structure towards a corporate unsecured borrowing structure. A €300 million bridge facility was arranged by a banking syndicate that was used for the redemption of the €350 million A7 notes.

Vesteda obtained an investment grade BBB corporate credit rating with stable outlook by Standard & Poor's and accessed the debt capital markets with its inaugural €300 million bond transaction under the newly incorporated EMTN programme of issuing entity Vesteda Finance B.V.

Vesteda managed to achieve additional diversification of funding sources through a debut private placement transaction of €100 million and a tenor of seven years. In addition, the company refinanced a €35 million mortgage facility with FGH Bank N.V. in the fourth quarter of 2014, with maturity set for 1 January 2018.



The refinancing transactions contributed to an extension of the maturity profile to a weighted average of 2.9 years by year-end 2014.

At year-end 2014, Vesteda's debt capital structure comprised an unsecured corporate credit facility, mortgage loans, notes issued under its CMBS programme, a bond issue and a private placement. Throughout 2014, Vesteda met all the financial covenants of its financing arrangements and the rating agencies confirmed that Vesteda's outstanding CMBS notes had retained their triple-A credit rating.

## Summary Debt Instruments 2014

### CMBS Programme

Vesteda is an established issuer in the CMBS market and had drawn on loan capital primarily in the form of CMBS notes from 2001 until 2012. Historically, Vesteda was able to issue notes at competitive pricing levels, benefiting from the continuous triple-A credit rating of its notes. The performance of all CMBS notes has been ratio compliant since the start of issuance.

In line with its debt funding strategy of a diversified corporate unsecured debt capital structure, Vesteda refinanced €350 million of its CMBS notes (the A7 notes) with corporate unsecured funding in 2014. At year-end 2014, Vesteda had only one CMBS note remaining in the amount of €300 million to be redeemed in 2015.

Vesteda is not exposed to interest rate risk on any loans under the CMBS programme. The outstanding CMBS loan is hedged by a standard Interest Rate Swap contract (ISDA) with Deutsche Bank.

### Corporate Bank Facility

In 2014, Vesteda's €600 million corporate unsecured bank facility with a consortium of banks consisting of ABN Amro Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and BNP Paribas Fortis SA/N.V. remained in place.

The bank facility is divided into a €300 million three-year term loan tranche and a €300 million five-year revolving credit facility. In the course of 2014, Vesteda made active use of the revolving credit facility by using excess cash for temporary repayments, further reducing interest costs. As at year-end 2014, Vesteda had drawn €435 million under its corporate facility, with €165 million in funds available for drawdown under the revolving credit facility.

### Mortgage Loan Facilities

In December 2014 Vesteda refinanced €47.5 million of its existing mortgage loans with FGH Bank N.V. with a new €35 million facility arranged by the same bank, while €12.5 million of the original facility was repaid. The new facility matures on 1 January 2018. Per year-end 2014, Vesteda's mortgage loan portfolio amounted to €129 million (€144 million per year-end 2013).

### Private Placement

In May 2014, Vesteda entered into a seven-year Private Placement with Pricoa Capital Group. This transaction contributes to Vesteda's ambition to increase its debt funding diversification and extend its overall maturity profile. The private placement ranks pari passu with all other corporate unsecured debt.

### Inaugural Bond Issue

After obtaining the BBB corporate credit rating from Standard & Poor's and the establishment of the EMTN programme, Vesteda Finance B.V. issued a €300 million corporate bond in July 2014. The transaction marks the successful entrance by Vesteda as an issuer in the debt capital markets for corporate bonds at attractive rates.

### Interest Expense and Average Maturity

Total interest payments fell further to €52.9 million in 2014, mainly as a result of the refinancing transactions at prevailing rates and the €85 million leverage decrease in 2014. At 4.1%, net finance expenses on its loan capital fell by 0.2 percentage points compared with 2013.

The average maturity of its loan capital stood at 2.9 years at year-end 2014, compared with 2.4 years at year-end 2013.

## OUTLOOK AND MANAGEMENT AGENDA




### Outlook 2015

The economic climate is expected to improve in 2015, but the economic growth will remain limited in the year ahead. Low inflation (i.a. due to lower oil prices) and interest rates should boost consumer and producer confidence, which will in turn give additional impetus to the residential market - and in due course the construction sector - in the medium term. Furthermore, we expect to see an increase in the number of homes sold in the owner-occupied market, despite the tightened mortgage regulations. That said, any increase in house prices for existing homes will remain modest at one to two percent on a nationwide basis. It seems we are unlikely to see a real upward value development before 2016.

Buyers increasingly have difficulties to finance the house they wish to buy. The rental market is therefore enjoying the benefits of an increasing number of people who want to rent a house. This should lead to additional demand in economically strong areas, and consequently rising rental prices. In addition, demographic developments, such as the ageing of the population and ongoing individualisation, will lead to an increasing demand in the coming years.

As a result of changes in the regulations for and in the financial position of housing associations, an increase in the supply of housing portfolios in the investment market was anticipated. In reality, the supply of housing associations is somewhat less. Improved market conditions have reduced the need to sell. The supply often concerns homes in the mid-market segment, with potential in terms of rent and value growth. There are still opportunities here for Vesteda, although there will be strong competition from both domestic and foreign investors. At the same time, the interest from foreign investors in Dutch residential properties should make it easier to sell residential complexes. It does seem, however, that value creation in an upwardly mobile market will be greater in individual unit sales than in sales of entire complexes

### The outlook for 2015

			
<b>Economy</b>	<ul style="list-style-type: none"> <li>• Low inflation and lower oil prices are good for consumer purchasing power</li> <li>• Low interest rate encourages investments of producers and consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate economic growth</li> <li>• Moderate purchasing power improvement</li> <li>• Consumer confidence returns slowly</li> </ul>	<ul style="list-style-type: none"> <li>• Unemployment remains high</li> </ul>
<b>Rental market</b>	<ul style="list-style-type: none"> <li>• Shortage of homes in the non-regulated rental segment, especially in economically strong regions</li> <li>• Qualitative demand homes (increase in singles and elderly people)</li> <li>• Revision of Housing Act improves level playing field</li> <li>• Freeze on liberalisation limit</li> <li>• Income-dependent rent increase in regulated sector</li> </ul>	<ul style="list-style-type: none"> <li>• Segment above €1,000 remains (regional) niche market outside the Randstad area</li> <li>• Introduction new WWS home valuation system</li> </ul>	<ul style="list-style-type: none"> <li>• Limited capacity in the construction industry due to crisis</li> <li>• Small number of new-build homes to be delivered</li> <li>• Long-term outlook of declining regions</li> <li>• Low inflation limits annual rental growth</li> </ul>
<b>Owner-occupied market</b>	<ul style="list-style-type: none"> <li>• Economically strong regions showing a stronger recovery and more value growth</li> </ul>	<ul style="list-style-type: none"> <li>• Recovery owner-occupied market remains fragile</li> <li>• Slight value growth homes (average across the Netherlands)</li> <li>• Buying will be more difficult because of changes in mortgage interest tax regulations</li> </ul>	
<b>Investment market</b>	<ul style="list-style-type: none"> <li>• Supply housing association portfolios in non-regulated segment</li> </ul>	<ul style="list-style-type: none"> <li>• Interest from private and foreign investors eases sales of whole complexes</li> </ul>	<ul style="list-style-type: none"> <li>• Competition foreign investors with other return/risk profile and leverage ratios</li> </ul>

## Key performance indicators

	Actual 2014	Target 2014	Target 2015	Long-term target
<b>Portfolio</b>				
Average occupancy rate (in % of units)	96.4	≥ 96.0	96.6	≥ 97.0
Financial vacancy rate (as a % of theoretical gross rent)	4.4	5.0	4.0	≤ 5.0
Rent increase (nominal)	2.5% (inflation 1.0%)	at least average inflation	at least average inflation	at least average inflation
Property operating expenses (in % of gross rental income excluding landlord levy)	24	25-27	24	≤ 25
Net rental income (in % of the value of the portfolio, at start of year)	4.8	4.6-4.8	4.9	≥ 4.5
Average energy classification in portfolio	C (EI: 1.53), 9% ≤ E for total investment portfolio	C (EI: < 1.45), for part of the investment portfolio	C (EI: ≤1.50), 92% ≥ D 8% ≤ E	95% ≥ D (5% ≤ E)
<b>Management/Letting</b>				
Management expenses (basis points) <sup>1)</sup>	55 bps	60 bps	45-55 bps	< 35 bps
Customer satisfaction	6.9	≥ 7.0	7.0	≥ 7.0
Leverage	34.5%		≤ 35%	≤ 30%
<b>Return</b>				
IPD Netherlands 'All Residentials'	total return +0.6%	above benchmark	above benchmark	above benchmark
Realised return (in % of opening equity)	5.0	4.2-4.4	6.2%	≥ 4.5
Distribution to investors	realised return excluding result on disposals and excluding result unwind derivative	realised return excluding result on disposals	realised return excluding result on disposals	realised return excluding result on disposals

## Further reduction in financial vacancy rate

Since the end of 2013, one of Vesteda's priorities has been to improve the occupancy rate and reduce the financial vacancy rate. Measures to achieve this include: investment in the quality of the homes, realistic rent increases, an active marketing approach and a strong focus on the sale of individual units (lowering the pressure on supply). For 2015, the financial vacancy rate is estimated at 4.0% of the theoretical gross rent, a further decline compared with the financial vacancy rate for 2014 (4.4% of the theoretical gross rent). The acquisition of new-build properties and the timing of acquisitions in the year can have an impact on this front.

## Rent increases

Government legislation has set the potential for rent increases in the regulated segment of the residential portfolio at inflation (forecast 2015: 1.3%) plus an income-based variable percentage of 1.5%-4%. The main focus of Vesteda's policy for this part of its portfolio is to each year make use of the potential for rent increases to achieve Maximum Reasonable Rental prices. Rents are frozen above that level.

Although rents in the liberalised rental segment are not limited by any legal rules or regulations, these liberalised rents (especially in the high-end segment) are expected to remain under pressure thanks to the fragility of the economic climate and the modest increase in purchasing power. The current portfolio is partly over-rented. This will reduce the potential for rent increases in the liberalised portion of the residential portfolio. The rent adjustment for the liberalised homes to be carried out in mid-2015 is expected to be around inflation. We expect the overall rent increase to be on average above inflation.

1 Change of indicator in line with INREV TER into Total Management Expenses related to average GAV; target 2014 revised based on new calculation

**Property operating expenses**

Vesteda is estimating its gross-net ratio excluding the landlord levy at 24%, in line with 2014 (24%).

**Management expenses**

Vesteda expects to decrease management expenses due to the effect of the property management reorganisation in 2014.

**Realised return**

Realised return is expected to come in at 6.2%, from 5.0% in 2014. This improvement in return is due to a further reduction in the financial vacancy rate, plus lower management expenses and interest expenses.

**Management agenda 2015****Portfolio Management**

In 2015, Portfolio Management will monitor developments in the residential (investment) market very closely and translate these into opportunities to optimise the performance and the composition of acquisitions and the portfolio even further. Vesteda's acquisition and disposal targets should take the portfolio firmly towards the company's target composition (mid-rental segment in economically attractive cities and regions).

Portfolio Management will be working very closely with Vesteda's in-house Property Management with a clear focus on adding value to the current portfolio. They will do this by improving the quality of our residential assets through dedicated investments, rental growth and cost efficient maintenance. This should enable us to boost long-term income and to outperform the IPD residential benchmark on a structural basis.

**In-house property management**

Vesteda's decision to use in-house property management means the company can offer its clients an all-in service package and gives Vesteda a solid mix of in-house real estate and tenant know-how and expertise. The reorganisation completed in 2014 has created a powerful and motivated new organisation. Property Management has set itself the target of becoming the residential specialist and best property manager in the Netherlands at competitive costs. Optimising the use of the intensified cooperation between the various business units should enable Vesteda to improve its performance: higher tenant satisfaction, optimum occupancy and cost controls, plus lower overheads.

**Acquisitions**

Vesteda's target for the year ahead is to continue expanding its portfolio. We expect to see numerous acquisition opportunities, largely from the housing association sector. Any acquisitions will have to contribute to the portfolio strategy, by increasing the focus on the mid-rental segment properties in our core regions, in cities where we are still targeting growth in terms of the size of our portfolio. In view of the scale of these acquisition targets, a significant part of our acquisition efforts will concentrate on the purchase of existing real estate, both individual assets and portfolios. Parallel to this effort, we will also be focusing on the turnkey acquisition of new-build complexes.

**Disposals**

Any residential units that fail to contribute sufficiently to our returns and/or are no longer a good fit with Vesteda's investment strategy will be sold. The number of homes to be sold will be very closely calibrated with the progress made on the acquisition front, to safeguard the growth of the portfolio. We expect to maximise result on disposals by focusing on unit sales and responding pro-actively to market developments.

**Funding**

The debt funding actions we undertook in 2014 strengthened Vesteda's credit profile and represent a solid basis for the execution of further steps towards the refinancing of the last note of Vesteda's CMBS programme in 2015. The €300 million bridge facility, which matures at year-end 2015, remains in place to refinance the €300 million CMBS A4 notes maturing in July 2015 and gives us the flexibility to enter into suitable long-term debt funding options in 2015. Current lending market conditions, the relatively low interest rate environment and Vesteda's strengthened credit profile give us a solid basis to further reduce interest costs, to extend the weighted average maturity profile and maintain a diversified debt portfolio.

In 2015, Vesteda will continue to professionalise and intensify its investor relation policy, with the aim of generating permanent positive interest in Vesteda participations, and ultimately to strengthen Vesteda's strategic position and the liquidity of the fund, plus lower our cost of capital.

**Finally**

We are pleased that our tenants and buyers have chosen Vesteda's services and homes. We are grateful for the trust our participants continued to place in us in 2014 and appreciate the input, expertise and contributions from the members of the Supervisory Committee. Most of all, we would like to thank our employees for their dedication, commitment and hard work in the past year.

*Amsterdam, 18 March 2015*

Vesteda Managing Board

Gertjan van der Baan (CEO) and H el ene Pragt (CFO)

# Members of the Supervisory Committee

The Supervisory Committee had five members in 2014.



## **Kees de Boo (1944), chairman**

*Dutch. Chairman of the Supervisory Committee. Former Chairman of the Managing Board of NS Vastgoed.*

*Areas of expertise:* management, finance (including property investment), project development, asset management.

*Ancillary positions:* member of the Supervisory Board of Propertize, member of the board of Artis (Amsterdam Zoo), member of the Supervisory Board of Stichting Pro Senectute, member of the Code of Conduct Committee of Neprom.

Reappointed May 2011, second term of office ends in May 2015.



## **John de Die (1960)**

*Dutch. Chairman of the Audit Committee. CFO-COO of AAC Capital Partners, former CFO of Rodamco Europe, Geveke, Kempen & Co, former Head of Finance at KLM.*

*Areas of expertise:* risk management & control, corporate finance, investments, reporting.

*Ancillary positions:* member of the Supervisory Board of Diamond Tools Group, member of the Supervisory Board of Stichting Waarborgfonds Eigen Woningen, member of the board of VUmc Kinderstad, Chairman of the board of directors of Stichting Sportbedrijf Amstelveen, coordinator/lecturer at Amsterdam Business School (UVA).

Appointed April 2011, first term of office ends in April 2015.



## **Peter Kok (1954)**

*Dutch. Member of the Audit Committee. Former interim CFRO of APG and former CFO of Delta Lloyd.*

*Areas of expertise:* management, finance, risk management.

*Ancillary positions:* chairman of the Supervisory Committee of Airport Real Estate Management, member of the Supervisory Committee of Mn Services, Optimix Investment Funds N.V. and ANWB, member of the board of Stichting Toetsing Verzekeraars.

Appointed July 2011, first term of office ends in July 2015.

**Hans Pars (1962)**

*Dutch. Chairman of the Nomination and Remuneration Committee. Associate partner at Twijnstra Gudde, former CEO of Wereldhave N.V., Chief Investment Officer of VastNed Groep and Managing Director CEE at Rodamco Europe N.V.*

*Areas of expertise:* management, property investment, asset management.

Appointed March 2012, first term of office ends in March 2016.

**Jeroen Drost (1961)**

*Dutch. Member of the Supervisory Committee. Former CEO of NIBC Bank. Former CEO Asia, ABN AMRO Bank Hong Kong.*

*Areas of expertise:* general management, international investment and commercial banking experience.

*Ancillary positions:* board member of Stichting WTC The Hague, non-executive member of the Managing Board of Fidea Belgium until December 2014, member of the Supervisory Board of Dura Vermeer, member of the Supervisory Board of AON Groep Nederland, member of the Supervisory Board of Klépierre France.

Appointed November 2014, first term of office ends in October 2018.

# Report of the Supervisory Committee

## To the General Meeting of Participants (GMP) in Vesteda Residential Fund

We are pleased to present you with the 2014 annual report and financial statements as drawn up by the Managing Board for your adoption. In line with the provisions of the Terms and Conditions, said adoption will serve as discharge of the manager and custodians for their management and discharge of the members of the Supervisory Committee (SC) for their supervision of the same in 2014.

## Unqualified auditor's statement

In the meeting of 18 March 2015, the SC discussed the 2014 financial statements as drawn up by Vesteda's Managing Board. The 2014 annual accounts were drawn up in line with International Financial Reporting Standards (IFRS) and audited by and discussed with the external auditor Ernst & Young Accountants LLP. Ernst & Young Accountants has issued an unqualified independent auditor's report on said financial statements.

## Committees

### Supervisory Committee

The SC and the Managing Board held four regular meetings and also several meetings regarding strategic decisions to be taken for the year under review and subsequent years.

Mr. Gertjan van der Baan was appointed as CEO of Vesteda on 1 January 2014. Together with Mr. Gertjan van der Baan, the Supervisory Committee proposed to concentrate on the overall portfolio and organisation and decided not to proceed with the separation into sub-funds. Both proposals were discussed with the General Meeting of Participants and were approved unanimously.

The SC was closely involved in the reorganisation of Vesteda's operational property manager with the ultimate goal of positioning it as a true value-added property organisation.

Furthermore, the CEO and the SC jointly proposed to set up an equity raising programme to increase the liquidity in the fund, enable the growth of the fund and to broaden the fund's investor base.

In 2014, the SC continued to support the subsequent steps in the debt funding transition from CMBS-encumbered debt funding to a corporate unsecured funding structure. A corporate rating and bond issue secured further alignment of Vesteda's debt capital structure with the portfolio strategy of the fund.

The SC established both the By-Laws of the SC and the Manager rules for the manager, which describe formal modus operandi of both the SC and the manager.

The SC initiated the search to fill the vacant CFO position. The Nomination Committee, in cooperation with Mr. Gertjan van der Baan, selected a preferred candidate on the basis of interviews, the results of assessments and the positive outcome from reference and integrity checks. As a result Mrs. H el ene Pragt was appointed as of 15 September 2014.

Furthermore, the SC initiated the process to secure successors for the future vacant positions for members of the SC and its chairman. The SC continued this dialogue with the participants during the General Meeting of Participants in April 2014. Mr. Jeroen Drost was appointed at the General Meeting of Participants as per November 2014.

In the regular meetings held in 2014, the SC discussed recurring agenda items such as the financial statements and the annual report, quarterly reports, the risk management policies, return criteria, investment and divestment proposals, budget and the Business Plan 2015, plus proposals made through the Audit Committee and the Nomination and Remuneration Committee.

Furthermore, the SC held meetings in the absence of the Managing Board, including self-evaluation and meetings with the Risk Management Officer.



### *Transparency and visibility*

The SC made itself visible in the organisation by, among other things, seeking informal contacts with the Managing Board and employees on a regular basis, but also on an ad-hoc basis. Members of the SC were readily contactable for the management and staff, especially for the support of the CEO during the period in which the position of the CFO was vacant. The SC appreciates the open and transparent discussions with the Managing Board.

### **Audit Committee**

The Audit Committee met four times in the year under review. The recurring topics on the Committee's agenda include the discussion and the execution of the financing strategy the quarterly reports, the return targets set annually, the risk management and control policies, including the discussion of several areas of risk management, fiscal issues and horizontal supervision, the treasury and hedging policy and investor relations.

The external auditor attended three of the Audit Committee meetings, to discuss the 2014 financial statements, as well as the 2014 audit plan and the management letter and early warning memorandum for the year 2014.

The Committee met with the auditor once in the absence of Vesteda.

The Committee devoted specific attention to the following subjects: the appointment and reporting of the internal auditing function within the control framework, the treasury function, the private placement, the bridge to bond and bond issue, hedging, the Trust agreement and reporting, the noteholders and participants reporting and the process of appointing a new auditor.

### **Nomination and Remuneration Committee**

The Committee was involved in drawing up the new profile for the SC members and the search for the new members and the new chairman, as Mr. De Boo's second and final term is due to end in May 2015. Preparatory meetings were held with several participants and a profile was approved in the General Meeting.

In the course of the year, the Committee was involved in several discussions with the Managing Board about the remuneration of the board, the overall remuneration policy and the appointment of key-personnel and staff, resulting in an AIFMD-proof remuneration framework. For more information about the remuneration of the Managing Board, please refer to 'Remuneration' in the section Governance and risk management on page 47 of this report.

The committee also discussed the succession planning and several organisational items, more specifically related to the implementation of the reorganisation at Vesteda's property manager.

The Committee held one meeting with the Works Council, largely concerned with remuneration and reorganisation items.

### **Meeting of Participants**

Vesteda convened two regular Participants' Meetings, the annual meeting, in which the financial statements and the annual report were discussed and adopted, and the execution of the Business Plan was evaluated. In the bi-annual meeting, the participants discussed and approved the Business Plan 2015. Furthermore, two extraordinary Participants' Meetings were convened mainly for the appointment of the new CFO and the fifth SC member.

### **To conclude**

The Supervisory Committee would like to express its appreciation for the enormous efforts and commitment of Vesteda's employees, the Works Council, the Management Team and the Managing Board. This was extraordinary in a year in which the company operated for a large part of the year without a complete Managing Board and in which several highly significant strategic choices were made and executed, while Vesteda booked improved financial results.

*Amsterdam, 18 March 2015*

Supervisory Committee Vesteda

Kees de Boo, *Chairman*

John de Die

Peter Kok

Hans Pars

Jeroen Drost

# Key portfolio developments

The composition of the portfolio is based on the following three pillars:

- Return: contribution of forecast property returns to the overall portfolio return;
- Location: focus on economically strong regions;
- Rental segment: focus on the mid-rental sector.

This section describes the key portfolio developments over the last (few) year(s), based on market segmentation and strategic portfolio criteria.

## UNITS

FIGURE 1 Units

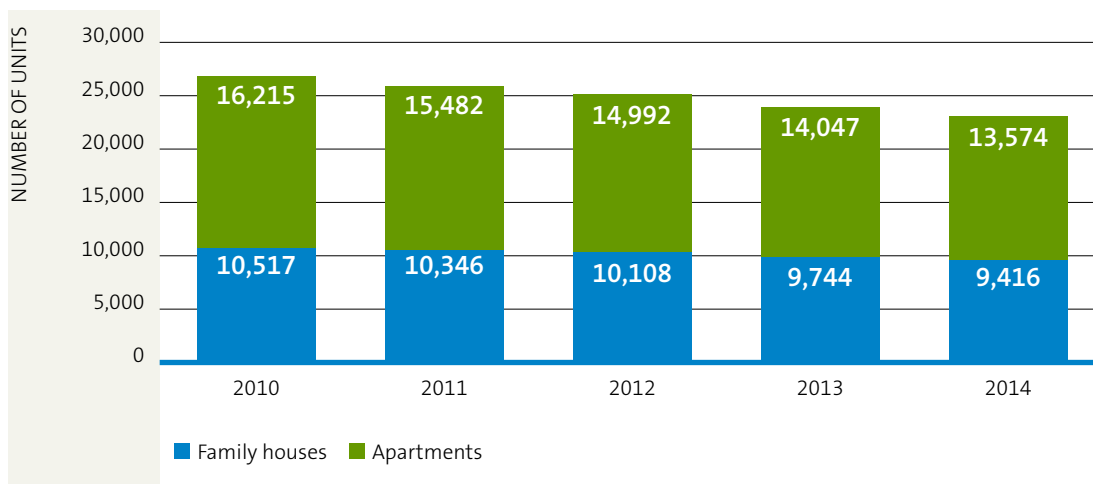
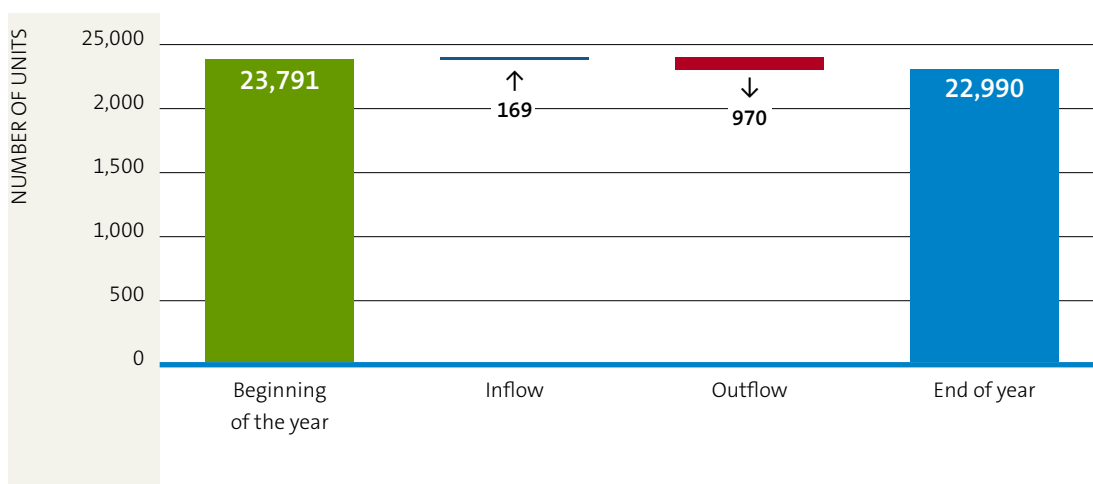


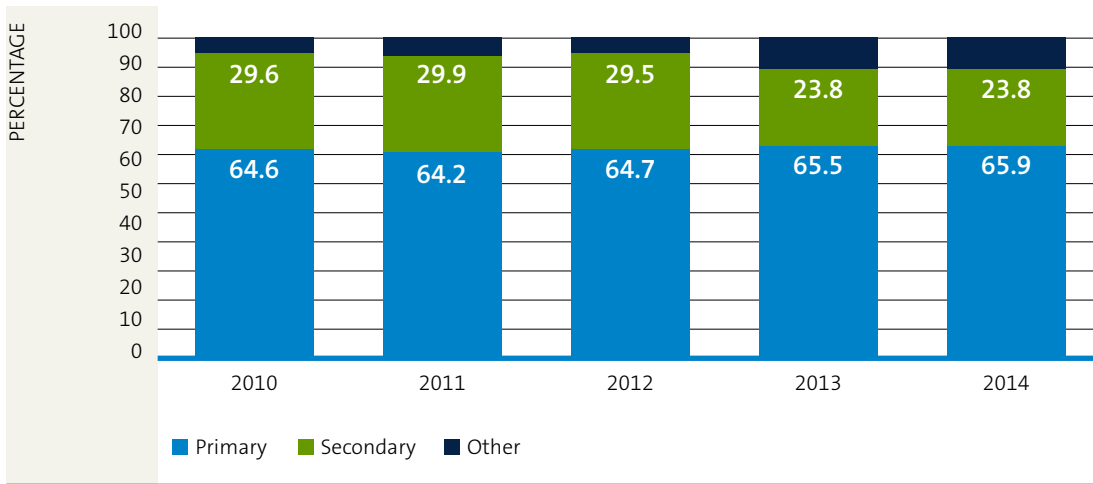
FIGURE 2 Changes in investment portfolio



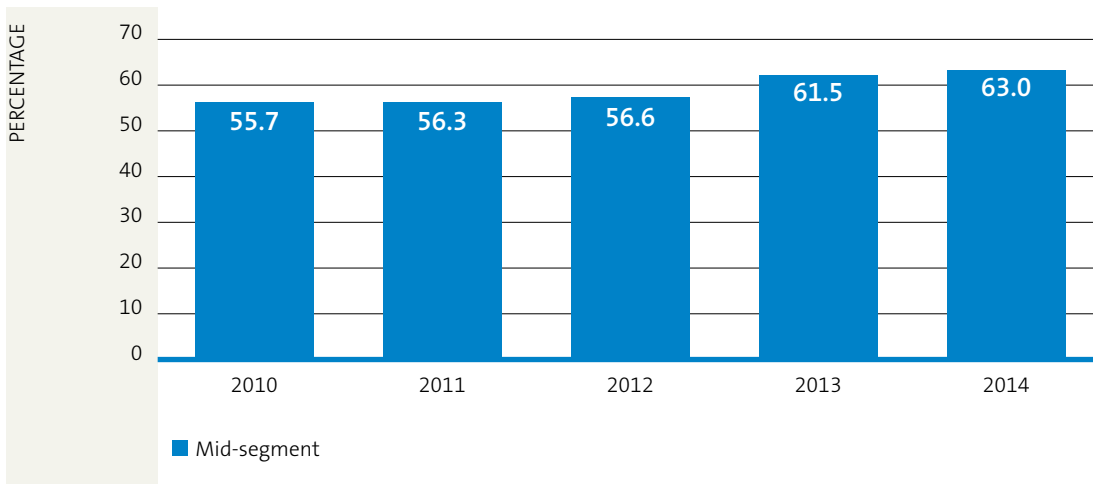
The total number of units stood at 22,990 at year-end 2014, a drop of 3.4% from year-end 2013.

The contribution of realised acquisitions and disposals to the composition of the portfolio is depicted in the graphs on the next page. Vesteda’s portfolio developed in terms of both the primary region and the mid-rental segment.

**FIGURE 3** Composition of the portfolio by region



**FIGURE 4** Composition of the portfolio (% mid-segment)



## INCOME

### Market rental value and theoretical rental income

The theoretical gross rent at year-end 2014 was 1.6% higher than the market rental value. Although still negative, this reversionary potential has improved compared to last year (2.5% negative). This improvement is due to re-letting changes to market rent and to a higher growth of market rent compared to theoretical gross rent. Reversionary potential is highest in the regulated rental segment and in the primary region.

### Investment portfolio, market rental value and theoretical gross rent

Year-end (€ million)	2014	2013	2012	2011	2010
Market rental value	244	243	260	266	265
Theoretical gross rent	248	249	259	262	263

### Rental income trends

#### Investment portfolio, average monthly rent

Year-end (€ million)	2014	2013	2012	2011	2010
Average monthly rent	846	827	806	793	771

The average rental income per unit rose by 2.2% to €846 in 2014. The main driver of this increase was the annual rent index increase on 1 July. This increase was accelerated by the above inflation growth in social housing and dampened slightly by the impact of lower realised rents from re-lettings.

#### Investment portfolio, average rental increase by source

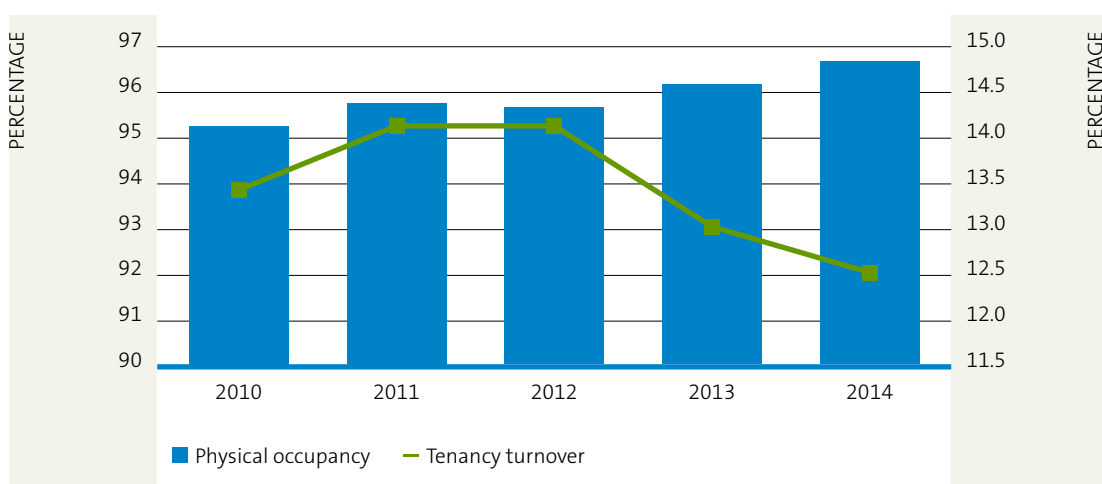
Start of year compared with year-end	2014
Inflow and outflow of properties in the portfolio	0.5%
Re-letting	(0.8%)
Average rental increase for sitting tenants	2.5%
<b>Total increase in average rent</b>	<b>2.2%</b>

On a like-for-like basis, rental income increased by 1.7% (2.5%-0.8%).

### Occupancy rate and tenancy turnover

The occupancy rate (in units, year-end) rose slightly to 96.6% due to Vesteda's additional efforts to reduce vacancy rates. Tenant turnover dropped to 12.5% for the year.

FIGURE 5 Physical occupancy rate and tenancy turnover



## Realised rental income

### Investment portfolio, realised rental income

(€ million)	2014	2013	2012	2011	2010
Gross annual rent	237	240	243	245	243
Net annual rent	176	181	177	171	173
Gross/net annual rent	26%	25%	27%	30%	29%
Gross/net annual rent excl. landlord levy	24%	25%			

In 2014, the gross/net ratio rose to 26%, mainly as a result of (the increase in) the landlord levy to 0.381% from 0.014%. The income-related rent increase of 4.1% for the regulated sector did not fully compensate for the additional costs resulting from the landlord levy. Excluding the landlord levy, the gross/net ratio decreased to 24% in 2014, compared to 25% in 2013.

## VALUE

The table below shows the movement in the value of the investment portfolio, which fell to €3,593 million as at 31 December 2014.

### Investment portfolio, value

Year-end (€ million)	2014	2013	2012	2011	2010
Single-unit residential properties <sup>1)</sup>	1,399	1,429	1,528	1,626	1,652
Multiple-residential properties <sup>1)</sup>	2,193	2,226	2,441	2,622	2,750
<b>Total</b>	<b>3,593</b>	<b>3,655</b>	<b>3,970</b>	<b>4,248</b>	<b>4,402</b>
Total number of residential units	22,990	23,791	25,100	25,828	26,732

### Value changes in detail

The net outflow was the main reason for the investment portfolio to fall by a net 1.7% in value. The table below shows the changes and the impact of revaluation.

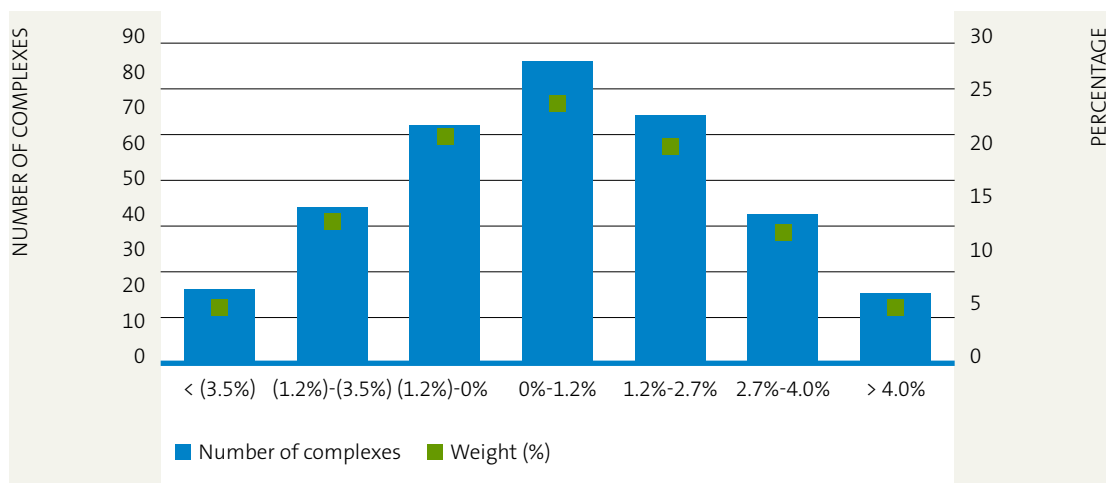
### Investment portfolio, changes in value

(€ million)	2014	% value	2013	% value
Value at start of year	3,655	100	3,970	100
Inflow	45	1.2	10	0.3
Capex	18	0.5	13	0.3
Outflow	(142)	(3.9)	(186)	(4.7)
Revaluation	17	0.5	(152)	(3.9)
Value at year-end	3,593	98.3	3,655	92.0

Capital expenditures were higher than in 2013, largely due to the increased effort to replace kitchens, bathrooms and toilets. Inflow and outflow led to a net reduction of €97 million or 2.7% in the value of the portfolio. Property revaluations added €17 million, or 0.5%, to the value of the portfolio.

1 Including value of associated parking/garage spaces and commercial space in projects.

FIGURE 6 Revaluation



The revaluation result on the portfolio was 0.5% for 2014. This positive result was largely related to the primary region (+1.1%) and the mid-segment (+1.1%). Complexes in the higher-rental segment again dropped in value.

### Average value per residential unit

The average value per residential unit in the portfolio increased by 0.7% to €152,000 at year-end 2014. This increase was the result of the revaluation of 0.5% on the total investment portfolio and an average lower value of the units sold compared to the average value in the total portfolio.

### Investment portfolio, average value per residential unit

Year-end (€ thousand)	2014	2013	2012	2011	2010
Average value per residential unit	152	151	154	161	161

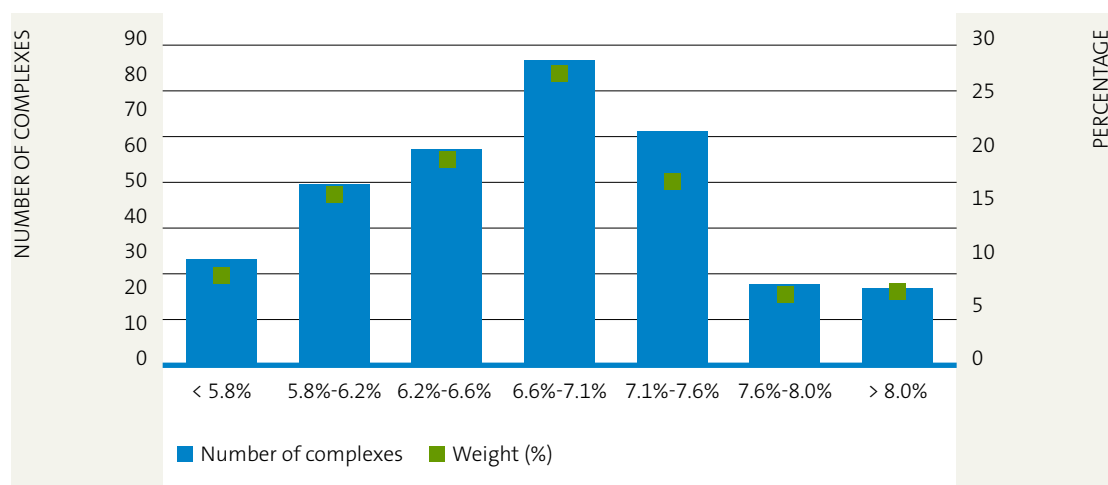
### Gross initial yield

The gross initial yield on the portfolio, defined as the theoretical rent at year-end divided by the value of the portfolio at year-end, remained stable at 6.8% after six years of consecutive growth.

### Portfolio, gross yield

(in %)	2014	2013	2012	2011	2010
Gross yield	6.8	6.8	6.5	6.2	6.0

FIGURE 7 Distribution gross initial yield



## SEGMENTATION

The tables below provide an insight into the distribution of the various key parameters of the portfolio on the two levels of segmentation (rental segment and region) and portfolio strategy designation.

	Weight in units	Weight in value	Average year of construction	E-label A-B-C % total value	E-label D+ % total value
<b>Fund</b>	100%	100%	1991	74%	26%
Primary	60%	66%	1992	50%	16%
Secondary	26%	24%	1989	17%	7%
Other	14%	10%	1990	6%	4%
> €1,200	9%	18%	2006	18%	0%
Non-regulated - €1,200	62%	63%	1990	46%	17%
Regulated	29%	19%	1982	10%	9%

	Gross/net ratio	Financial vacancy	Occupancy rate	Rent 2014 vs 2013	Rent index increase 2014	Revaluation 2014
<b>Fund</b>	26%	4.4%	96.6%	2.2%	2.5%	0.5%
Primary	26%	4.8%	96.4%	2.2%	2.3%	1.1%
Secondary	26%	3.8%	96.7%	2.0%	2.1%	0.7%
Other	28%	3.2%	96.7%	1.0%	2.8%	0.0%
> €1,200	29%	11.1%	92.0%	1.9%	1.5%	(0.5%)
Non-regulated - €1,200	23%	3.1%	97.1%	1.8%	2.3%	1.1%
Regulated	32%	2.2%	96.7%	3.2%	3.7%	0.3%

# CSR and sustainability

## GENERAL

Corporate Social Responsibility (CSR) is an important part of Vesteda's long-term vision and strategy. Vesteda sees CSR as a responsibility to society. To Vesteda, CSR is about more than just saving energy or limiting CO<sub>2</sub> emissions. It is just as much about good operations, reducing the company's overall environmental footprint, improving ergonomics and health aspects in the development, construction or management of its real estate assets.

Vesteda believes that investments in sustainability improve the financial performance of the investment portfolio. Furthermore, Vesteda is convinced that its CSR efforts help the company to enhance risk management. Sustainability is important but not at any expense. CSR is therefore part of Vesteda's mission and strategy and is reflected in its operating activities. Annex 5 outlines the targets Vesteda has set as part of its CSR strategy, along with the progress made. Vesteda's CSR strategy is expressed in ESG (Environmental, Social and Corporate Governance) factors, which have been broken down further into three categories that apply to Vesteda:

1. Living: Vesteda's influence on society and communications with stakeholders;
2. Housing: the sustainability of the homes in the portfolio;
3. Working: the operation of the Vesteda organisation as a whole.

## SUSTAINABLE LIVING

Vesteda has identified the following key stakeholders: tenants, property managers, employees, participants, local authorities and buyers/sellers. Vesteda has an ongoing dialogue with all of these parties to understand, meet and respond to their needs. CSR is one of the topics addressed in this dialogue. In the communication of its CSR strategy, Vesteda emphasises transparency, credibility and inspiration. In 2014, Vesteda started its first structural stakeholder dialogue to determine the ten most important material aspects. These material aspects lay the foundation for Vesteda's CSR strategy going forward.

### Material aspects Top 10

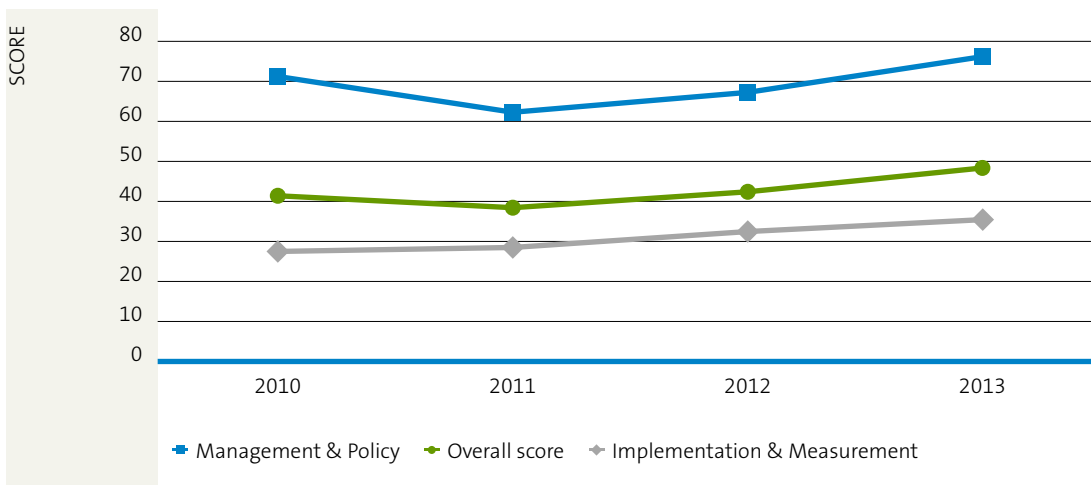
- 1 Healthy housing
- 2 Good reputation
- 3 Corporate governance
- 4 Business integrity
- 5 Tenant satisfaction
- 6 Sustainable maintenance
- 7 Compliance
- 8 CO<sub>2</sub> footprint real estate
- 9 Stakeholder engagement
- 10 Demographic trends



### GRESB

Since 2010, the Global Real Estate Sustainability Benchmark (GRESB) has provided a tool to compare the sustainability of property funds. The GRESB is designed to identify the environmental and social performance of the real estate sector and has developed into a widely-recognised initiative in that sector. The environmental benchmark rates environmental management practices and their implementation, making it possible to measure the ratings of different real estate investments against corporate sustainability targets. Vesteda has been a part of the benchmark since its inception. Vesteda believes that the GRESB is helping to increase transparency in terms of the sustainability of property funds but also believes the GRESB has so far failed to provide a complete picture, because the survey questions remain largely geared to the office market. To contribute to the continued evolution of the benchmark, Vesteda joined GRESB as a member in 2013. Over 2013, Vesteda is rated as a Green talker (position 12 out of 13 in the Netherlands), which indicates that the company has developed dedicated resources for sustainability management, comprehensive external reporting and sustainability implementation plans. It also indicates that Vesteda needs to devote more attention to the implementation and measurement of these action plans. The graph below shows Vesteda’s performance over the years and the developments related to ‘Management & Policy’ and ‘Implementation & Measurement’.

FIGURE 8 GRESB



Vesteda’s ambition is to attain a Dutch top-3 position and an international top-10 place in the coming years (2015-2018).

### SUSTAINABLE HOUSING

Vesteda aims to create an environment where people want to live and stay for a long time. This means pleasant accommodation where people feel at home, built with respect for the surroundings, in a district or neighbourhood where people enjoy being. This puts demands on the design, development and letting of the homes and the areas where they are situated, which in turn results in greater tenant satisfaction, higher-rental income and lower tenancy turnover.

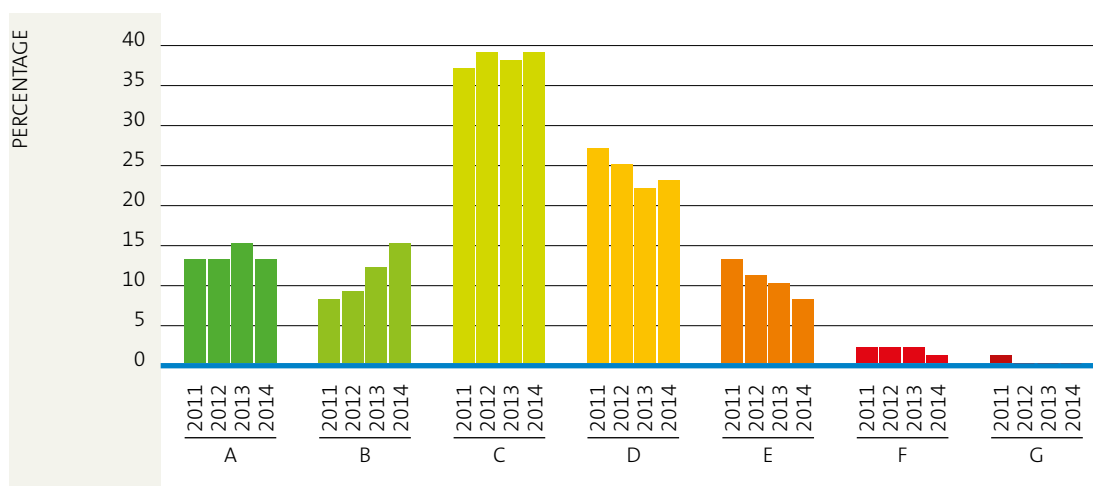
### Sustainable measures

Sustainability is part of Vesteda’s hold/sell analyses. For each complex with an energy label lower than D, Vesteda conducts a feasibility analysis for the measures needed to make the complex more sustainable. If the ‘greening’ is potentially profitable, Vesteda makes it part of the strategy for that complex. In 2014, Vesteda once again made various investments to increase the sustainability of the homes in its portfolio. The measures that affect the energy labels of its homes include replacement investments, such as the replacement of existing boilers with high-efficiency boilers. Besides, they can be investments in direct home improvements, such as insulation and double glazing. The table below shows the measures that have been taken in the portfolio. In addition to the measure that have a direct impact on a home’s energy label, Vesteda implements other sustainability measures, such as fitting LED lighting in public spaces and parking garages.

Number of properties	2014	2013	2012	2011
Under-floor insulation	-	8	40	6
High-efficiency glazing	481	186	402	410
Cavity-wall insulation	66	0	1	2
Roof insulation	74	57	100	7
High-efficiency boilers	663	489	746	638
<b>Total</b>	<b>1,284</b>	<b>740</b>	<b>1,289</b>	<b>1,063</b>

The figure below shows the energy label improvement in the portfolio over the past four years. The residential complexes built less than 10 years ago have been given a notional energy classification A, based on the year of construction. In 2014, 3,703 houses in the portfolio were re-registered, partly due to investments in sustainability. In recent years, Vesteda has increased the sustainability of its portfolio - due in part to the measures it has taken - without having a negative impact on yields. As a result of all the measures taken, Vesteda has already achieved its target of an average energy label C for its portfolio. In 2014, the total portfolio had an energy index average (EI) of 1.53, compared to 1.57 in 2013. In addition to that, 9% of the portfolio had an energy label E or lower, compared to 12% in 2013. Vesteda aims to reduce this percentage further to 8% in 2015 and 5% in 2018 (in 2013 target for 2018 was 0%). Vesteda has adjusted the target set in 2013 due to its ambition to acquire more turnkey projects, as well as existing complexes and portfolios, which will not always be in line with this CSR target.

FIGURE 9 Overview energy labels



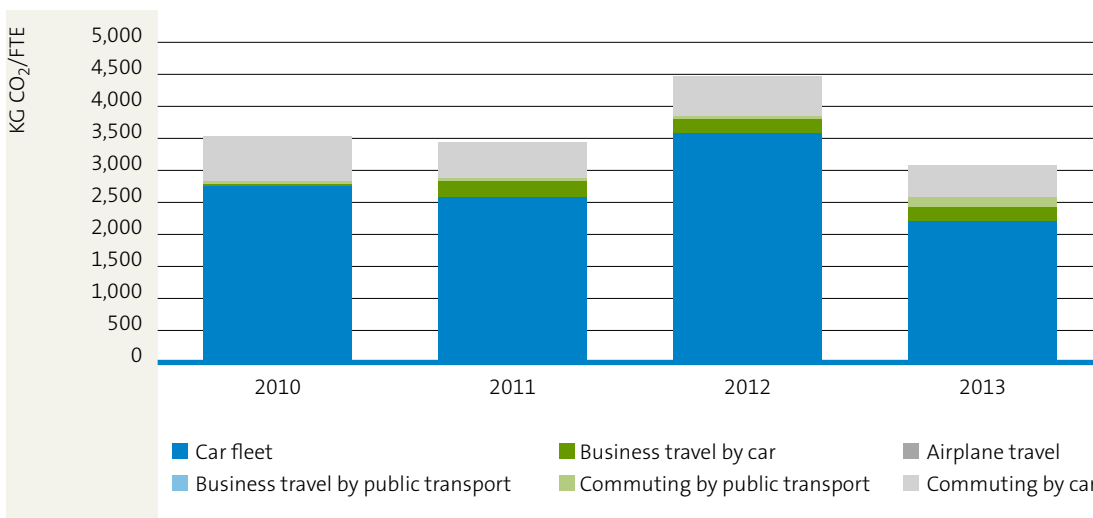
## SUSTAINABLE WORKING

As a part of being a responsible corporate citizen, Vesteda aims to embed CSR in the day-to-day activities of each and every one of its individual employees.

### CO<sub>2</sub> emissions offices & transport

In 2013, the CO<sub>2</sub> footprint of Vesteda’s offices was 900 tonnes of CO<sub>2</sub>. Transport accounts for the bulk (60%) of this CO<sub>2</sub> footprint. The figure below shows the reduction that Vesteda realised between 2010 and 2013. The results for 2014 were not available when this report went to print. Vesteda is specifically targeting transport through its car leasing policy, by making environment-friendly driving the focal point of the policy. This is accomplished by specifying a maximum CO<sub>2</sub> emission of 140 g/km for diesel cars and 160 g/km for petrol cars. In the reference year 2012, 52% of the cars fell below this level, while in 2014 this percentage had risen sharply to 93%. By purchasing green electricity, Vesteda is reducing CO<sub>2</sub> emissions by 264 tonnes.

FIGURE 10 Vesteda’s transport CO<sub>2</sub> emissions 2010-2013



### Development programme

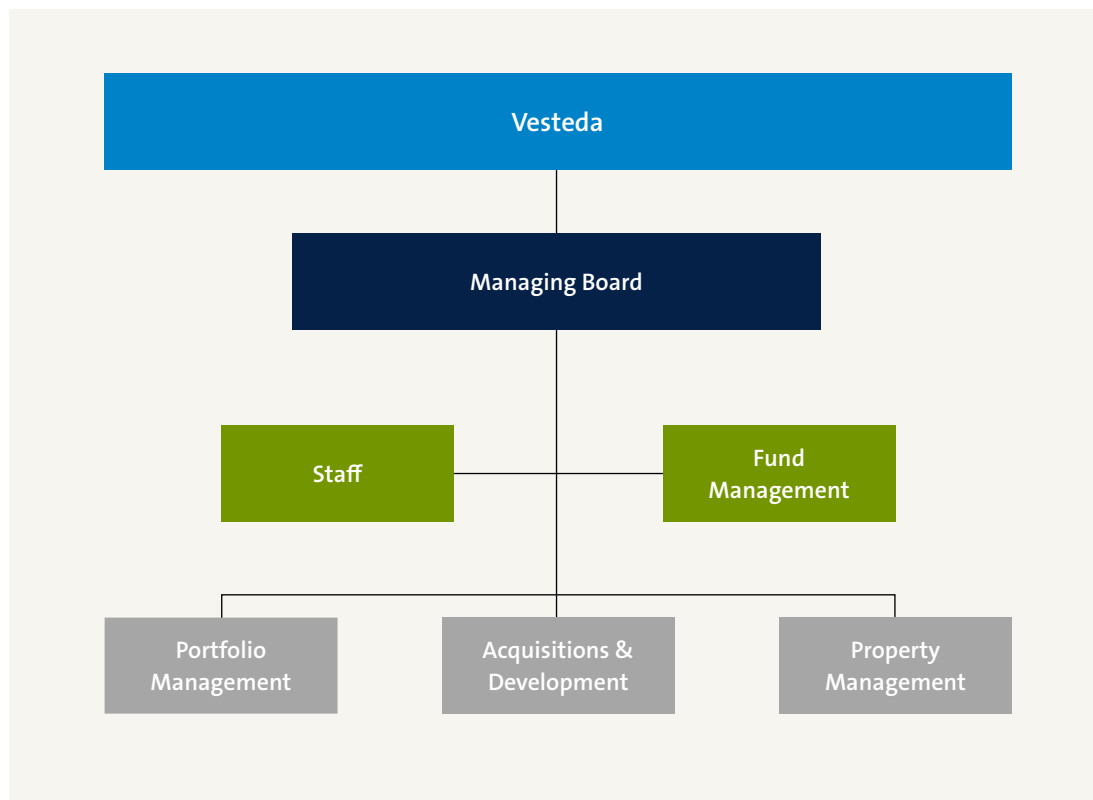
Vesteda conducted a study in 2014 to enable us to take additional steps in the creation of a business culture that is focused and result-driven, that has innovative potential, strong management and high-grade personnel. We conducted this study using a validated questionnaire, based on the High Performance Organisation theory, which is aimed at the continuous improvement of an organisation’s performance. By measuring these factors (annually), Vesteda will be able to bring focus to bear on the development of its organisation and make it possible to identify a number of key measures that will help us to improve our organisational performance on both the financial and non-financial fronts.

# Organisation

## ORGANISATIONAL STRUCTURE

Vesteda is an internally managed fund with in-house property management. At year-end 2014, Vesteda employed a total of 189 FTEs.

The Managing Board consists of two members (CEO and CFO). The Management Team, excluding the Managing Board, consists of five team members responsible for Portfolio Management, Fund Management, Acquisitions & Development, Property Management and Human Resources. In 2014, Portfolio Management and Asset Management were clustered into one department. The appraisal activities, which used to be part of Portfolio Management, are now managed by Fund Management. Furthermore, Vesteda set up the Acquisitions & Development department in the last quarter of 2014, in line with Vesteda's increased focus on acquisitions.



## WORKFORCE

The workforce fell sharply for the fourth year in a row. At the end of December 2013 Vesteda employed 227 FTEs; this had fallen to 189 by the end of 2014.

### Employees

FTE	2014	2013	2012	2011	2010
Year-end	189	227	253	305	332
Annual average <sup>1)</sup>	211	235	275	322	331

FTEs (year-end)	2014	2013	2012	2011	2010
Investment Management	69	69	76	99	108
Property Management	116	153	168	189	201
Project Development	4	5	9	17	23
<b>Total Vesteda</b>	<b>189</b>	<b>227</b>	<b>253</b>	<b>305</b>	<b>332</b>

Employees (year-end)	2014	2013	2012	2011	2010
Investment Management	75	75	84	108	119
Property Management	133	176	193	221	236
Project Development	5	5	10	17	23
<b>Total Vesteda</b>	<b>213</b>	<b>256</b>	<b>287</b>	<b>346</b>	<b>378</b>

The total number of employees fell from 227 at year-end 2013 to 189 at year-end 2014. This entire drop was a result of the reorganisation at Property Management.

The average age remained 43.2 years in 2014. The largest portion (39%) of the workforce is between 35 and 45 years old.

### Workforce by age

Percentage of employees	2014	2013	2012	2011	2010
Younger than 35 years	19	20	20	23	28
35 to 45 years	39	37	38	36	34
45 to 55 years	26	27	28	27	25
Over 55 years	16	16	14	14	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

<sup>1</sup> Average of 12x month-end balances

The male/female ratio changed slightly in favour of the male population. At the end of 2014, 47% of the workforce was male, which was an absolute increase of 2%.

Percentage of employees	2014	2013	2012	2011	2010
Male	47	45	47	46	46
Female	53	55	53	54	54
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

In 2014, 38 new employees joined Vesteda (45% female/55% male) and 81 employees left the company (53% female/47% male). Most of the departing employees had to leave because of fixed-term contracts that were not renewed or as a result of the reorganisation at Property Management.

### Total remuneration

Total remuneration fell to €13.1 million (93% fixed and 7% variable) in 2014, compared with €13.5 million for the previous year. Total remuneration was down for the third year in a row as a result of the restructuring.

### Bonuses

Vesteda has a bonus scheme with a collective component, including criteria such as the realised result, realised sales margin from residential properties, realisation of the net rental income as a percentage of the average value of the exploitation portfolio and outperformance of the IPD residential benchmark (all investments). The variable remuneration includes an individual component and in some cases a team component. Variable remuneration is only paid, in full or in part, if Vesteda's realised results meet the targets set to a sufficient extent. This requirement was met in 2014.

### Employee development and training

In 2014, €260,000 or 2% of the gross payroll was invested in the development of individual employees and teams. The management development programme started in 2013 was completed in May 2014.

### Absenteeism leave

Absenteeism increased to 4.4% in 2014. Some individual cases and the high level of uncertainty as a result of the restructuring at Property Management led to a relatively high rate of absenteeism in 2014. Absenteeism is calculated on the basis of calendar days.

Percentage	2014	2013	2012	2011	2010
Total absenteeism leave	4.4	3.9	5.5	3.9	4.1
Absenteeism leave excluding long-term leave (> one year)	4.4	3.6	4.8	3.6	4.1

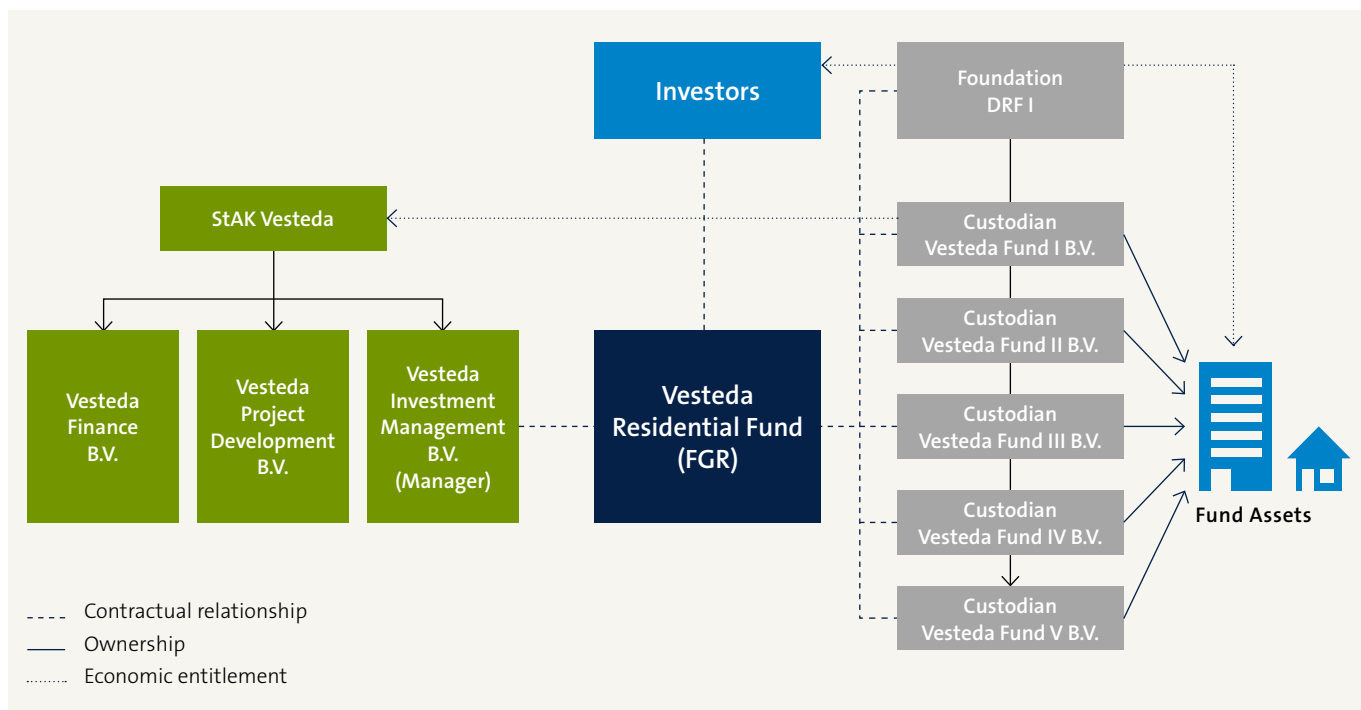
### Works Council

The meetings between the Managing Board and the Works Council, newly installed in October 2013, were constructive and helpful in 2014. The Managing Board and the Works Council held various discussions on the request for a recommendation regarding the strategic reorientation of several departments within Vesteda. The Works Council issued a positive recommendation on the strategic reorientation of Property Management in February 2014. For a large part of the year, the agenda was determined by the monitoring of the reorganisation at Property Management.

# Governance and risk management

## LEGAL AND TAX STRUCTURE

Vesteda has the legal structure shown below, as set out in the Vesteda Residential Fund Terms and Conditions. Investors may join at one level.



### Vesteda Residential Fund

Vesteda is a mutual fund for the joint account of the participants. The fund is joined by taking an interest in the fund. The fund is transparent for tax purposes. For this reason, investors can participate in Vesteda through an entity with its own legal and fiscal structure. Investors always join or leave the fund through the fund manager: Vesteda Investment Management B.V. The rights and obligations of the manager, the Supervisory Committee and the investors are set out in the fund Terms and Conditions.

### StAK Vesteda

Participants’ rights and obligations in respect of the manager, Vesteda Project Development B.V. and Vesteda Finance B.V., are exercised through Stichting Administratiekantoor Vesteda (StAK Vesteda). Participants will be granted a power of attorney to attend and exercise voting rights in the general meeting of shareholders of these three companies by Stichting Administratiekantoor Vesteda at their request.

### Vesteda Investment Management B.V. (the manager)

The Fund Terms and Conditions instruct the manager to manage the fund under the specified conditions. The manager is responsible for day-to-day operations and implementation of strategy. The Managing Board and the staff are employed by the manager.

### Vesteda Finance B.V. and Vesteda Project Development B.V.

Vesteda Finance B.V. will undertake Vesteda’s unsecured financing activities on behalf of the fund. Vesteda Project Development B.V. is responsible for completing the projects in the pipeline.

### Custodians

The custodians are the legal owners of the property in the fund. The fund is the beneficial owner. It is possible to reallocate individual properties to the various custodians for financing purposes in a tax neutral manner, making it possible to finance the fund flexibly if desired, by allocating collateral to one of the custodians.

## CORPORATE GOVERNANCE

Vesteda Residential Fund is an unlisted fund for the joint account of the participants. Vesteda Investment Management B.V. is the manager of the fund. The purpose of the fund is long-term value creation for the participants.

### Participants and Vesteda Residential Fund

The economic title to the fund assets is held by the participants pro rata their participation rights. The Terms and Conditions of Vesteda Residential Fund entrust the manager, Vesteda Investment Management B.V., with the management and operation of the fund. The manager carries out its task in the sole interest of the participants and within the boundaries described in the fund's Terms and Conditions.

The Supervisory Committee supervises how the manager executes its task, as well as the general course of the fund, such on behalf of the participants in the fund.

The Terms and Conditions entrust the manager and the supervisory body with specific tasks and authorities pertaining to the execution of the management of the fund and how the supervision is carried out.

The Supervisory Committee established rules regarding the processes and governance in the By-Laws.

In the Manager Rules, the manager and the Supervisory Committee have established rules regarding its decision-making process and the working methods of the manager.

### Dutch Corporate Governance Code

All listed companies with a statutory seat in the Netherlands are legally obliged to comply with the Dutch Corporate Governance Code, in line with the 'apply or explain' principle. The code is not mandatory for Vesteda Residential Fund because the fund is privately held. However, despite the lack of legal obligation, the Managing Board of Vesteda and the Supervisory Committee endorse the code in all material aspects applicable to a non-listed fund. The governance expressed in the Vesteda Residential Fund Terms and Conditions was designed in 2011 to strengthen transparency, participation and integrity.

### Participants

The participants do not take part in the operation of the fund or the management or control of its affairs, and have no right or authority to bind the fund assets, or to vote on matters relating to the fund other than as set forth in or pursuant to the Terms and Conditions.

The financial statements, the annual report, including the distribution proposal, and the (adoption of the) Business Plan for each accounting period, as well as any proposals put forward for decision or discussion by the manager or the Supervisory Committee will be put on the agenda of the Participants' Meetings. Participants are entitled to cast the number of votes pro rata to their respective participation rights. Participants' consent is required for resolutions relating to issues such as acquisitions, leasing, letting and in any way acting, investing or divesting, if the value of these legal acts exceeds €75 million. Decisions that require participants consent are included in the Terms and Conditions.

### Supervisory Committee

The Supervisory Committee supervises the policies and functioning of the manager and the general course of the fund. In this context, the Supervisory Committee is responsible for the evaluation of the performance of Vesteda and the statutory members of the Managing Board and the key executives. All decisions involving sums greater than €10 million are subject to the approval of the Supervisory Committee. Other decisions that require the consent of the Supervisory Committee are outlined in the Terms and Conditions.

The manager is responsible for involving the Supervisory Committee, ensuring that the fund is managed and operated in an optimal way. The manager holds regular consultations, both formally and informally, with the Supervisory Committee and its sub-committees on the strategy and policies of Vesteda as a whole. In the context of these meetings with the Supervisory Committee, the committees and, on an ad hoc basis the members of the Supervisory Committee, have multiple opportunities to meet other Vesteda executives and employees.



## Composition and appointments

The Terms and Conditions contain provisions pertaining to the principles of governance with respect to the composition of the Supervisory Committee, as well as the appointment and functioning of its members. The Supervisory Committee strives to achieve the best possible balance among its membership in terms of expertise and experience in the fields of management, compliance, risk management, financial reporting and real estate and knowledge related to institutional investments. The Supervisory Committee has an Audit Committee and a Nominations and Remunerations Committee.

The participants agreed to a profile of the Supervisory Committee in the participants meeting of 1 April 2014. Members of the Supervisory Committee serve a term in office of four years, with an optional one-time extension of four more years. This is in line with the Dutch Corporate Governance Code.

## Supervisory Committee

Mr. De Boo, *Chairman*, second term ends May 2015

Mr. De Die, first term ends April 2015

Mr. Kok, first term ends July 2015

Mr. Pars, first term ends April 2016

Mr. Drost, first term ends November 2018

## Remuneration of Supervisory Committee members

The annual remuneration of the chairman and the members of the Supervisory Committee is in line with market. The remuneration amounts €44,000 for the chairman of the Supervisory Committee and €31,000 for each of its members. Each member of the Supervisory Committee receives an expenses allowance of €2,500. These amounts are fixed, not indexed and paid semi-annually.

## Managing Board

### Function

The Terms and Conditions entrust the manager with the management and operation of the fund. The Managing Board is responsible for such management, for developing and executing the strategy of the fund and ensuring that corporate and investment policies via the manager are in place and under the supervision of the Supervisory Committee.

### Appointment

Contracts with the appointed Managing Board members are closed for a maximum period(s) of four years, as outlined in the Corporate Governance Code.

### Remuneration

The purpose of the annual remuneration of the members of the Managing Board is to achieve remuneration in line with the market on the basis of a labour market benchmark survey, which was last conducted in 2012 by an external agency under the supervision of the Supervisory Committee. The benchmark group comprises Dutch institutional residential fund managers. In addition, for the appointment and remuneration of the new CEO and CFO, the SC sought external advice. Based on the aforementioned, the SC believes that Vesteda has a competitive remuneration policy for its Managing Board. In 2014, Vesteda had a bonus scheme that in principle entitles the CEO to 43.3% (from 2015 onwards 26.6%) for 'on target' performances, with a maximum of 65% (from 2015 onwards, 40%) and the new CFO to 20% for 'on target' performance, with a maximum of 30%. The reduction in the bonus scheme of the CEO as of 2015 will be compensated by an increase of the base salary of 8.2%, reflecting 40% of the reduction in the bonus scheme. The bonus is divided into a direct and a deferred component. The direct component is paid or received immediately after the one-year performance period, and the deferred component is paid out or received after a period of three years. Both the direct component and the deferred component are paid out 50% in so-called Phantom Shares and 50% in cash. The deferred component is subject to an appropriate retention policy which is aimed at balancing financial rewards with Vesteda's long-term interests. The retention policy includes a claw-back provision, applying to both the direct component and the deferred component.

The employment contracts of the members of the Managing Board include provisions related to severance as well. With effect from 2010, the amount of the severance as laid down in these contracts has been maximised at one year's fixed salary, in line with the Dutch Corporate Governance Code. The total remuneration of the Managing Board, as stated on page 86 of the annual report, comprises the base salary, the variable bonus, pension expenses and other employer charges.

## Integrity

As member of the Dutch Association of Institutional Investors in Real Estate (IVBN), the Managing Board has traditionally followed the IVBN's sample code of conduct and associated minimum requirements. For two years now, the fund has had its own internal code of conduct geared specifically to Vesteda. Additionally, Vesteda has an extensive whistle-blower code. Both codes comply with the latest requirements in the field of integrity.

Vesteda has an integrity officer charged with integrity risk, including the code of conduct and the whistle-blower code. In view of Vesteda's AIFM-D license applications, the company revised and extended the integrity policy to cover areas such as Corporate Due Diligence. Each year, Vesteda employees are sent a request to reaffirm that they comply with the code of conduct and to confirm their awareness of the whistle-blower code.

The integrity officer reports to the Managing Board and, if necessary, to the chairman of the Supervisory Committee. The chairman of the Supervisory Committee did not receive any integrity-related notifications in the year under review. The integrity officer did receive various reports in the year under review. These reports all pertained to inconsequential matters that did not require any further action.

## Conflicts of interest

In the event that any request for approval for a proposed transaction or any other action could result in a conflict of interest, the Terms and Conditions of the fund and the Vesteda Governance Code specify that discussions will be initiated with the participant in question, with the Meeting of Participants, or with the chairman of the Supervisory Committee to ensure that appropriate action is taken.

## RISK MANAGEMENT

Vesteda has fully incorporated risk management in its strategic and operational processes. It has defined its risk management policy and implemented a risk management framework in line with the core fund risk profile, as defined in the Terms and Conditions of the Vesteda Residential Fund, extending to all levels and lines of business. The Vesteda Managing Board assesses its proper functioning on a regular basis and continues to pursue further improvement and optimisation of the internal risk management and control procedures.

### Focus on achieving organisational targets

Risk management and decision-making are focused on making the best use of opportunities and limiting their adverse effects. The aim is not to preclude risks entirely but to obtain the information required to respond as effectively as possible to opportunities and threats. Vesteda believes it is extremely important that risk management is an integral part of effective operations at strategic and operational levels. As a result, Vesteda's stakeholders, such as employees, investors and financiers, can accept that the business is run in a controlled way, focused on the achievement of strategic goals and objectives, with results that justify the risk profile.

### Focus on prompt identification

The purpose of the risk management and internal control systems is to identify significant risks promptly and to assess and manage them to achieve business targets in line with the overall strategy and targets in the Business Plan. It is not impossible that risks which have currently not been identified or which are currently not regarded as significant may later have a major adverse effect on Vesteda's ability to achieve its corporate targets. The internal reporting systems are designed in part to identify these risks promptly.

### Integral part of business operations

Risk management is an integral part of Vesteda's business operations and process management. To put this into practice, Vesteda identifies the risks associated with business operations and - if the Managing Board believes it necessary - reduces these risks to the desired level through control measures. Vesteda regularly identifies and evaluates the strategic, operational, compliance and financial risks and has defined the relevant risk limits. Vesteda has developed its internal control systems on the basis of the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the aim of which is to create a reasonable level of assurance on the achievement of organisational targets. These allow management to assess the proper functioning of the control measures that have been adopted. The internal control systems cannot, however, offer absolute assurance due to the possibility of unforeseen circumstances, human errors of judgement and mistakes, collusion by employees, breaches of regulations, cost/benefit considerations or the occurrence of inherently minor incidents with significant consequences.

## Managing Board's responsibility

The Managing Board is responsible for managing the risks inherent in Vesteda's business activities. Besides, it is responsible for ensuring that the company complies with relevant legislation and regulations. Senior management and the designated process owners have day-to-day responsibility for on-going monitoring of the design and operation of the risk management measures. Vesteda has appointed a risk management officer and his task is to design and maintain the overall framework, to coordinate and advise on the measures to be implemented, and to evaluate the assessment and reporting of senior management with regard to the proper functioning of the measures.

### 2014: 15 risks

In the first quarter of 2014, the Managing Board evaluated the list of the most relevant and significant risks for Vesteda. This resulted in a reconfirmation of the list of 15 risks which were considered to be the most relevant and significant risks in 2014:

- a Strategic vision;
- b Portfolio Management;
- c Project Development;
- d Asset Management;
- e Disposals;
- f Acquisitions;
- g Treasury;
- h Investor Relations;
- i Financial reporting;
- j Human Resources Management;
- k Integrity;
- l Continuity of IT;
- m Tax;
- n Contractual obligations;
- o Corporate Social Responsibility.

One of the criteria for selecting these 15 risks is that they should satisfactorily cover ongoing strategic, operational, compliance and financial risks. Vesteda conducts an annual evaluation of the extent to which the existing set of identified risks covers Vesteda's risk universe. In other words, this is an assessment of whether new risks should be added to the existing list, or whether risks can be removed from the list based on operational developments, the real estate and financial markets, stakeholders, etc. The 15 risk areas are addressed in detail below.

#### a Strategic vision

**Description of the risk** The risk that Vesteda's strategic vision is not in line with external developments, not in line with investors' visions, or is not translated into effective implementation measures.

**Control measure(s)** Developing and updating the strategic vision using internal and external research in consultation with investors. Shaping this strategic vision using all available knowledge and expertise and monitoring the implementation measures.

#### b Portfolio Management

**Description of the risk** The risk that Vesteda's portfolio moves away from the defined target portfolio compiled under the agreements with investors.

**Control measure(s)** The portfolio is designed to create an optimum risk/return profile for investors. To safeguard this risk/return profile, current developments are matched against the optimum target portfolio and – if necessary – additional action is taken to achieve the target portfolio.

#### c Project Development

**Description of the risk** The risks that may arise from having inadequate control of projects under development and construction, focusing on the financial consequences and quality of the projects.

**Control measure(s)** Continuous reconciliation and fine tuning of projects under development in accordance with the programme of qualitative and quantitative requirements. Continuous budget control on the financial development of a project.

#### d Asset Management

**Description of the risk** The risk that Vesteda's asset management activities are not aligned with the defined target portfolio compiled under the agreements with investors, and may fail to achieve optimal operational results or may lead to lower appreciation of the portfolio. Asset management should have sufficient focus on tenant satisfaction in the deployment of its activities.

**Control measure(s)** Asset management can achieve the predefined objectives by performing hold/sell analyses and by defining the tactics for the Vesteda properties. The execution of the tactics is closely managed and monitored. The results are compared with the industry benchmark.

#### e Disposals

**Description of the risk** The risk that the desired sales volume and margins are not achieved for business operations.

**Control measure(s)** Continuous reconciliation and fine tuning of projects in the sales phase, in line with the requirements of the target portfolio. Close monitoring of the sales process in comparison with the targets set out in the Business Plan. Performance of pre-sale customer due diligence (CDD).

#### f Acquisitions

**Description of the risk** The risk that Vesteda cannot sufficiently, correctly and transparently manage any newly-acquired properties, focusing on the financial consequences and quality of the acquired projects.

**Control measure(s)** Predefined acquisition criteria, planning the acquisition process, screening all possible acquisitions (and the selling party involved, through CDD. Monitoring the acquisition process, including the integration of newly-acquired properties into the portfolio.

#### g Treasury

**Description of the risk** The risk that Vesteda cannot attract the necessary loan capital on competitive terms and conditions to achieve its strategy and targets. Obtaining loan capital involves an interest rate risk and a volume risk. The interest rate risk may confront Vesteda with undesirable fluctuations in the interest rate charges. Additionally, Treasury deals with the risk that Vesteda may not be able to generate sufficient cash to meet its financial obligations or financial covenants.

**Control measure(s)** Vesteda has chosen to reduce the volume risk by using different maturities in its current funding, thus reducing the amount of refinancing in most instances. Multiple sources and sorts of financing are used to avoid dependence on single segments or providers. Furthermore, Vesteda aims to gradually reduce the level of loan capital to 30%. Interest rate risks are hedged using caps and swaps. Control measures have been adopted in order to assure compliance with the financial covenants and a Treasury Policy Statement. Stress testing is one of the measures taken to monitor the risks involved.

#### h Investor Relations

**Description of the risk** The risk that Vesteda cannot attract the necessary equity funding to achieve its strategy and targets. Investor relations aims to achieve the goals set in relation to the current and future providers of equity.

**Control measure(s)** Researching investor preferences, structuring of the sales and redemption process and continuous dialogue with current and potential new investors.

#### i Financial reporting

**Description of the risk** The risk that Vesteda presents incorrect and/or incomplete and/or late financial reports to its stakeholders. In addition to this, the risk of incorrect valuation of the portfolio.

**Control measure(s)** A complete set of internal control and compliance measures have allowed the Managing Board to issue an 'in control' statement on financial reporting risks since 2007 and a general in control statement since 2012. Control measures are implemented to ensure a transparent and professional valuation process.

#### j Human Resources Management

**Description of the risk** The risk that Vesteda has insufficiently qualified staff and/or too few people to achieve its targets.

**Control measure(s)** Vesteda has many measures in place related to selection, appraisal, remuneration and the development of its people. These measures are primarily executed through Vesteda's ongoing performance management programme.

#### k Integrity

**Description of the risk** The risk that Vesteda focuses insufficiently on controlling integrity risks, which might lead to extra costs and reputation damage.

**Control measure(s)** Vesteda uses a set of procedures and measures to reduce the risk in processes related to conflict of interest situations, to avoid fraud, or to avoid improper social behaviour. All staff must act in accordance with a code of conduct and there is a procedure in place for recording and reporting fraudulent action to the Managing Board and Supervisory Committee, under which corrective measures are taken when necessary.

#### l Continuity of IT

**Description of the risk** The risk that one or more business processes cannot be performed or are hindered as a result of the non-availability or insufficient availability of key systems.

**Control measure(s)** Availability requirements are agreed with system owners, based on analyses of the critical business processes and the related key systems. Regular monitoring of the current situation and requirements lead to corrective action when necessary.

#### m Tax

**Description of the risk** The risk of non-compliance with tax regulations and with the obligations stemming from Vesteda's corporate structure.

**Control measure(s)** Permanently safeguarding and monitoring tax and other conditions for the tax status, as stated in rulings and law.

#### n Contractual obligations

**Description of the risk** The risk that flawed contracts are drawn up and that there is a lack of adequate checks and balances in contract preparation.

**Control measure(s)** Proper contract preparation and monitoring that this is in line with the mandatory policy, strategy and frameworks and signatory authority of management, Managing Board and Supervisory Committee.

#### o Corporate Social Responsibility

**Description of the risk** The risk of insufficient focus on corporate social responsibility, with the possible result of inadequate increases in the value of the investments over time, reduced attractiveness for current or potential investors, potential loss of income and damage to image.

**Control measure(s)** Identifying the requirements and wishes of stakeholders to set up, implement and maintain a clear CSR strategy. Close monitoring of and reporting on the execution of the policy.

### Dynamic and continuous process

The above risk management framework is embedded in the planning and control cycles. The internal control systems include other measures for achieving adequate segregation of duties, prompt recording of significant transactions and data security. Internal accountability and management reports, management reviews and other internal research into the design and operation of the internal controls are an integral part of this approach.

The Managing Board regularly assesses the risk management and internal control systems. It has reported on the main business risks and the structure and operation of the risk management and internal control systems to the Audit Committee and Supervisory Committee and continuously seeks to improve and optimise the framework.

### 'In control' statement

The Managing Board issues an 'in control' statement on the financial reporting and on the strategic and operational processes at Vesteda. The Managing Board is responsible for proper risk management and internal control systems and for assessing the effectiveness of these systems. The Vesteda Managing Board continues to pursue further improvement and optimisation of the internal risk management and control procedures.

Based on its assessment of the risk management and internal control systems, the Managing Board believes that:

- these systems provide a reasonable level of assurance that the financial reports contain no material errors;
- these systems have functioned properly in 2014;
- there is no indication that these systems will not function properly in 2015.

Vesteda identified no significant shortcomings in these systems that could have a material impact in 2014, nor to the date of signing this annual report in 2015.

Amsterdam, 18 March 2015

Vesteda Managing Board

Gertjan van der Baan (CEO) and Hélène Pragt (CFO)

# About this report

## CONTENT REPORT

The aim of this report is to inform Vesteda's most important stakeholders. By identifying the parties that influence Vesteda and the parties that exert influence on Vesteda, the company has defined the following key stakeholders: participants, tenants, property managers, buyers and sellers, local authorities and employees. The matters that have a material impact on Vesteda, such as market developments, legislation and regulations, corporate governance, tenant satisfaction, compliance and energy usage, have all helped to determine the subjects addressed in this report. In early 2014, Vesteda conducted a materiality analysis and a stakeholder dialogue. We will not be addressing all the material items from the resulting top-10 classification in this annual report. The outcome of the materiality analysis and the stakeholder dialogue will be incorporated in the Vesteda's CSR strategy for 2015 and beyond and in the reporting on 2015.

## FINANCIAL AND NON-FINANCIAL INFORMATION

The financial information included in this report is derived from or in line with the financial statements. The non-financial information relates to areas such as market developments, portfolio and organisational developments, our tenants, CSR, governance and risk management. These data are the result of Vesteda's own analysis and systems, market research and legislation and regulations, such as MG-circulars (residential rental market rules and regulations). Vesteda endorses the Dutch Corporate Governance Code in all material aspects applicable to a non-listed fund, in line with the 'apply or explain' principle. Vesteda has designed its internal control systems on the basis of the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Vesteda identifies the risks associated with business operations and - if the Managing Board believes it necessary - reduces these risks to the desired level through control measures. Vesteda regularly identifies and evaluates the strategic, operational, compliance and financial risks and has defined the relevant risk limits. The EPRA Best Practice Recommendations (BPR), the INREV Sustainable Guidelines and the GRI are used to determine the sustainable data. In terms of sustainability data, this report contains both quantitative and qualitative data for the calendar year 2014. In some cases, it was not possible to compile the qualitative data. For instance, the information on the likes of energy, water use and waste in the portfolio and at the Vesteda offices were not fully available on the publication date of this report.

## ASSURANCE

Vesteda's external auditor, EY, has assessed the non-financial information in the sections Key developments 2014, Introduction by the Managing Board, Management Report, Key portfolio developments, CSR and Sustainability, Organisation, Report of the Supervisory Committee, Governance and risk management and Annexes 1 up to 5 and 7 of this annual report. Please see the assurance report of the independent auditor on page 54.

## Dialogue with stakeholders

The table below shows an overview of the structural dialogue between Vesteda and its key stakeholders.

Tenants	Property Manager	Employees	Participants	Buyers/sellers	Local authorities
Tenant monitor	Regular meetings	Questionnaire	General Meeting of Participants (at least twice a year)	Regular meetings	Regular meetings with local authorities
Via property manager	Director property management member of the Management Team of Vesteda	Regular meetings	Investorweb (participants quarterly report)		
Via tenant association		Via Intranet (in 2014, Vesteda launched a new intranet)	Regular meetings		
Vesteda website		Development Programme	Property Tour		
Mijn Vesteda (My Vesteda)					

### GRI 3.1 APPLICATION LEVEL B+

This report has been compiled in accordance with G3.1 Guidelines of the Global Reporting Initiative (GRI). It complies with the G3.1 B+ application level, including the Construction and Real Estate Sector Supplement (CRESS). Annex 4 includes an overview of the GRI 3.1 and CRESS principles and the economic, environmental, and social performance indicators covered by this report. Certain indicators are reported qualitatively rather than quantitatively. Vesteda reported at GRI CRESS 3.1 level C, B and B+ for the reporting years 2011, 2012 and 2013 respectively.

# Assurance report of the independent auditor

To: the Stakeholders, Participants, the Supervisory Board and the Managing Board of Vesteda Residential Fund FGR

We have reviewed the non-financial information in the chapters 'Key developments 2014', 'Introduction by the Managing Board', 'Management Report', 'Key portfolio developments', 'CSR and sustainability', 'Organisation', 'Report of the Supervisory Committee', 'Governance and risk management' and Annexes 1 up to 5 and 7 in the Annual Report for the year 2014 (hereafter: the Report) of Vesteda Residential Fund FGR, Amsterdam (hereafter: Vesteda).

## LIMITATIONS IN OUR SCOPE

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

We do not provide assurance regarding the corresponding non-financial information for the years 2012 and earlier.

References in the Report (to [www.vesteda.com](http://www.vesteda.com), [www.vestedareport.com](http://www.vestedareport.com), external websites and other documents) are outside the scope of our assurance engagement.

## MANAGEMENT'S RESPONSIBILITY

Management of Vesteda is responsible for the preparation of the Report in accordance with the 'Sustainability Reporting Guidelines' G3.1 of the Global Reporting Initiative (GRI) and the reporting criteria developed by Vesteda as disclosed in the chapter 'About this report' of the Report, including the identification of the stakeholders and the determination of material issues. The disclosures made by management with respect to the scope of the Report are included in the chapter 'About this report' of the Report.

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Report based on our review. We conducted our review in accordance with Dutch law, including the Dutch Standards 3810N 'Assurance engagements relating to sustainability reports' and 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'. This requires that we comply with ethical requirements and that we plan and perform the review to obtain limited assurance about whether the Report is free from material misstatement.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and other within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. Consequently a review engagement provides less assurance than an audit.



## PROCEDURES PERFORMED

Our main procedures included the following:

- Performing an external environment analysis and obtaining an understanding of the sector, relevant social issues, relevant laws and regulations and the characteristics of the organisation;
- Evaluating the acceptability of the reporting policies and their consistent application, such as assessment of the outcomes of the stakeholder dialogue and the reasonableness of accounting estimates made by management;
- Evaluating the contents of the Report in accordance with the Sustainability Reporting Guidelines G3.1 of GRI and the reporting criteria developed by Vesteda as disclosed in the chapter 'About this report' of the Report;
- Evaluating the design and implementation of the systems and processes for data gathering and processing of information as presented in the Report;
- Interviewing management (or relevant staff) at corporate and business division level responsible for the strategy and policies;
- Interviewing relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and the consolidation of the data in the Report;
- Evaluating internal and external documentation, in addition to interviews, to determine whether the information in the Report is reliable;
- Analytical review of the data and trend explanations submitted for consolidation at group level.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## CONCLUSION

Based on our procedures performed, and with due consideration of the limitations described in the paragraph 'Limitations in our scope', nothing has come to our attention that causes us to conclude that the non-financial information in the Report is not correctly presented, in all material respects, in accordance with the 'Sustainability Reporting Guidelines' G3.1 of the Global Reporting Initiative (GRI) and the reporting criteria developed by Vesteda as disclosed in the chapter 'About this report' of the Report.

*Amsterdam, March 18 2015*

Ernst & Young Accountants LLP

J.M. Heijster

H. Hollander



# Vesteda Residential Fund FGR financial statements 2014



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# Consolidated statement of comprehensive income

(Amounts in € million)

	NOTES	2014	2013
Rental income	5	237	240
Property operating expenses	6	(62)	(60)
Other income		1	1
<b>Net rental income</b>		<b>176</b>	<b>181</b>
Result on projects in progress	20	4	(2)
Result on disposals	7	20	3
Management expenses	8	(21)	(16)
Financial results	9	(65)	(63)
<b>Realised result before tax</b>		<b>114</b>	<b>103</b>
Unrealised result	10	22	(163)
<b>Result before tax</b>		<b>136</b>	<b>(60)</b>
Tax	11	-	-
<b>Result after tax (attributable to equity holders of the parent)</b>		<b>136</b>	<b>(60)</b>
Net gains (losses) on cash flow hedges arising during the year (may be classified to profit or loss in future periods)	12	(4)	41
<b>Other comprehensive income, net of tax</b>		<b>(4)</b>	<b>41</b>
<b>Total comprehensive income (attributable to equity holders of the parent)</b>		<b>132</b>	<b>(19)</b>
Earnings per participation right in €	13	5.53	(2.37)
Comprehensive income per participation right in €		5.36	(0.76)

# Consolidated balance sheet

(Amounts in € million)

	NOTES	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	15	3,593	3,655
Investment property under construction	16	9	11
Property, plant and equipment	17	6	6
Financial assets	18	9	7
		<b>3,617</b>	<b>3,679</b>
<b>Current assets</b>			
Inventory property	19	5	16
Projects in progress	20	-	10
Trade and other receivables	21	10	14
Cash and cash equivalents	22	35	63
		<b>50</b>	<b>103</b>
<b>Total assets</b>		<b>3,667</b>	<b>3,782</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Group equity	23	2,262	2,280
<b>Non-current liabilities</b>			
Financial liabilities	24	961	948
Investment property under construction	16	1	14
Provisions	25	52	47
Derivative financial instruments	26	48	44
		<b>1,062</b>	<b>1,053</b>
<b>Current liabilities</b>			
Financial liabilities	24	298	395
Provisions	25	2	4
Trade and other payables	27	43	50
		<b>343</b>	<b>449</b>
<b>Total liabilities</b>		<b>1,405</b>	<b>1,502</b>
<b>Total equity and liabilities</b>		<b>3,667</b>	<b>3,782</b>
<b>Net Asset Value (NAV) per participation right in €</b>			
Basic and diluted IFRS NAV	14	94.07	92.76
Adjusted (INREV) NAV	14	93.41	92.76

# Consolidated statement of changes in equity

(Amounts in € million)

	Fund Equity	Reserve			Other reserve	Total equity
		General paid in surplus	Property	Derivatives		
<b>As at 1 January 2013</b>	<b>25</b>	<b>2,001</b>	<b>508</b>	<b>(85)</b>	<b>(26)</b>	<b>2,423</b>
Result for the year	-	-	(86)	-	26	(60)
Other comprehensive income	-	-	-	41	-	41
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(86)</b>	<b>41</b>	<b>26</b>	<b>(19)</b>
Realised from sales	-	-	(11)	-	11	-
Redemption	-	(50)	-	-	-	(50)
Dividend	-	(74)	-	-	-	(74)
<b>As at 31 December 2013</b>	<b>25</b>	<b>1,877</b>	<b>411</b>	<b>(44)</b>	<b>11</b>	<b>2,280</b>
Result for the year	-	-	16	-	120	136
Other comprehensive income	-	-	-	(4)	-	(4)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>(4)</b>	<b>120</b>	<b>132</b>
Realised from sales	-	-	(9)	-	9	-
Redemption	-	(50)	-	-	-	(50)
Dividend	-	(100)	-	-	-	(100)
<b>As at 31 December 2014</b>	<b>25</b>	<b>1,727</b>	<b>418</b>	<b>(48)</b>	<b>140</b>	<b>2,262</b>

Other comprehensive income may be classified to profit or loss in future periods.



# Consolidated cash flow statement

(Amounts in € million)

	NOTES	2014	2013
<b>Operating activities</b>			
Result for the year after tax		136	(60)
<b>Adjustments to reconcile result before tax to cash flow from operating activities</b>			
Unrealised result	10	(22)	163
Depreciation of property, plant and equipment	17	1	-
Financial assets	18	(2)	6
Amortisation of financing costs	24	6	9
Provisions	25	(2)	(2)
Interest expense		59	54
		<b>40</b>	<b>230</b>
Working capital adjustment		18	(18)
<b>Net cash flow from operating activities</b>		<b>194</b>	<b>152</b>
<b>Investing activities</b>			
Capital expenditure in investment property	15	(18)	(13)
Disposals of investment property	15	142	186
Capital expenditure/disposals of property, plant and equipment	17	(1)	-
Capital expenditure in investment property under construction	16	(46)	(16)
<b>Net cash flow from investing activities</b>		<b>77</b>	<b>157</b>
<b>Financing activities</b>			
Loans drawn	24	735	605
Loan repayment	24	(820)	(778)
Financing costs	24	(3)	(7)
Disagio	24	(2)	-
Dividend paid		(100)	(74)
Redemption	23	(50)	(50)
Interest paid		(59)	(55)
<b>Net cash flow from financing activities</b>		<b>(299)</b>	<b>(359)</b>
		<b>(28)</b>	<b>(50)</b>
Net increase/(decrease) in cash and cash equivalents		(28)	(50)
Cash and cash equivalents at the beginning of the period	22	63	113
<b>Cash and cash equivalents at 31 December</b>	<b>22</b>	<b>35</b>	<b>63</b>

## Non-cash transactions

In 2014 and 2013 no non-cash transactions have been done.

# Notes to the consolidated financial statements

## 1 CORPORATE INFORMATION

The consolidated financial statements of Vesteda Residential Fund FGR and the affiliated entities (the Vesteda Companies) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Managing Board on 18 March 2015. Vesteda Residential Fund FGR (the fund) is a mutual fund. Vesteda Investment Management B.V. is the fund manager, its registered office is located at Claude Debussylaan 15, Amsterdam, the Netherlands.

The principal activity of the Vesteda Residential Fund is investments in Dutch residential properties.

The fund is not subject to the Financial Supervision Act (Wet financieel toezicht 'Wft').

## 2 BASIS OF PREPARATION

Vesteda Residential Fund FGR (the Fund) is not a legal entity. These financial statements present the consolidated financial information of the Fund and its affiliated companies (the Vesteda Companies). Management considered whether the Vesteda Companies would represent a reporting entity. Although no legal parent company exists, management believes that the Vesteda Companies meet the definition of a reporting entity under IFRS, taking into account the discussions held by IFRIC in 2009-2010 and the ED Conceptual Framework for Financial Reporting: The Reporting Entity issued by the IASB in March 2010. The Vesteda Companies represent a defined area of economic activities whose financial information has the potential to be useful to users of financial statements and has the following features:

- The economic activities can be objectively distinguished from those of other entities and from the economic environment in which the Vesteda Companies exist; and
- Financial information about the economic activities of the Vesteda Companies has the potential to be useful in making decisions about providing resources to the Vesteda Companies and in assessing whether Managing Board and the Supervisory Committee have made efficient and effective use of the resources provided.

As a result management believes that this basis of preparation results in a true and fair presentation of the Vesteda Companies' financial position, financial performance and cash flows, and that the consolidated financial statements comply in all material aspects with IFRS, as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements of the Vesteda Companies have been prepared on a historical cost basis, except for investment property, property, plant and equipment, investment property under construction, assets held for sale and derivative financial instruments which have been measured at fair value. The consolidated financial statements are presented in euro and all amounts are rounded to the nearest million, except where otherwise indicated.

## 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Vesteda Companies' financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, as at the reporting date. However, uncertainty concerning these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assets and liabilities are classified as current (short-term) if Vesteda expects them to be realised or settled within twelve months of the reporting date.

## Judgements other than estimates

In the process of applying Vesteda's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

### Revenue recognition

A property sale is recognised when the beneficial ownership including the financial rights and risks of the ownership has been transferred.

For projects in progress revenue is recognised using the percentage of completion method. This method uses the proportion of a project that has been completed, calculated on the basis of the percentage of contract costs incurred to date and the estimated costs to complete.

### Classification of property

The Vesteda Companies use the following criteria to determine the classification of a property:

- Investment property comprises land and buildings (principally residential properties) which are not occupied substantially for use by, or in the operations of, the Vesteda Companies, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation;
- Investment property under construction comprises land and buildings (principally residential properties) under construction with the aim of adding to the investment property portfolio upon completion;
- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Vesteda Companies have developed with the intention to sell on completion of construction;
- Projects in progress comprises properties developed on behalf of others, based upon specifically negotiated contracts to build residential properties;
- Held for sale investment property comprises the properties from the investment property portfolio, primarily held to earn rental income, which the company has decided to sell in order to optimise its investment property portfolio performance.

### Operating lease contracts – the Vesteda Companies as lessor

The Vesteda Companies have entered into property leases on their investment property portfolio. Vesteda has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

### Lease contracts – the Vesteda Companies as lessee

The Vesteda Companies have entered into land leases as a lessee. Vesteda has determined, based on an evaluation of the terms and conditions of the arrangements, that in most cases, the land lease is an operating lease, as the Vesteda Companies do not retain the significant risks and rewards incidental to ownership.

### Tax status

Vesteda is a mutual fund for the joint account of the participants (fonds voor gemene rekening/FGR). The fund is tax transparent and investors can join or leave the fund at the Manager level. Participants can hold their partnership contribution in Vesteda through an entity with its own legal and fiscal structure.

Each participant is therefore responsible for their individual tax liabilities and individual tax compliance obligations as a result of the issue, holding or redemption of participation rights. The Manager is responsible for compliance with the tax rulings relating to the holding, issue and redemption of participation rights.

Vesteda Investment Management B.V., Vesteda Project Development B.V., Vesteda Finance B.V., Custodian Vesteda Fund (CVF) I B.V., CVF II B.V., CVF III B.V., CVF IV B.V., CVF V B.V., HOG Heerlen Onroerend Goed B.V. and Gordiaan Vastgoed B.V. are taxable for Dutch corporate income tax.

Furthermore the fund reached an agreement with the Tax authorities known as 'Horizontaal toezicht' and several tax rulings exist regarding VAT and transfer tax.

The Vesteda Companies recognise liabilities for current taxes based on estimates of whether corporate income taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the corporate income and deferred tax provisions in the period in which the determination is made. Any deferred tax asset relating to income tax on the possible offset of losses for tax purposes and differences between accounting policies for commercial and tax purposes is recognised at current tax rates to the extent that it is probable that they can be utilised.

## Estimates

### Estimation of net realisable value for inventory property

Inventory is stated at the lower of cost and net realisable value (NRV).

NRV for inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Vesteda Companies after taking suitable external advice and in the light of recent market transactions, as well as the estimated cost to complete the construction.

### Investment Property

The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques as defined in the standards of the Royal Institution of Chartered Surveyors (RICS) and other professional bodies. The fair values of properties are determined on the basis of recent real estate transactions – if available – with similar characteristics and locations to those of the Vesteda Companies' assets.

The Discounted Cash Flow Method is used to determine the fair values of the investment property.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows associated with either an operating property or a development property. An appropriate, market-derived discount rate is applied to this projected cash flow series, to establish an indication of the current value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to current value. The aggregate of the net current values equals the market value of the property.

The total portfolio is appraised comprehensively by external appraisers in the course of the year. Vesteda's goal is to conduct comprehensive appraisals on approximately 25% of the portfolio each quarter. The remainder of the quarterly appraisals comprise a desktop update by the external appraisers.

### Investment property under construction

Investment property under construction is also measured at fair value. The fair value is assessed by reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion. Development risks (such as construction and letting risks) are taken into consideration when determining the fair value of investment properties under construction.

### Projects in progress

Projects in progress are recognised at the costs incurred plus a profit margin for any completed portion, less invoiced instalments and a provision for losses. Losses are recognised as soon as they become foreseeable. Cost incurred consists of costs directly attributable to the work plus a mark-up for general expenses.

### Provisions for contractual obligations

Provisions for the development of investment property under construction but not yet started are calculated as the difference between the estimated market value of the investments and the cost to come.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Legal and tax structure for the financial statements

Vesteda is a mutual fund or collective investment scheme under Dutch law (fonds voor gemene rekening). Investors can join the fund by taking a partnership contribution in the fund.

The fund is transparent for tax purposes. For this reason, investors can participate in Vesteda through an entity with its own legal and fiscal nature structured as they require. Investors always join or leave the fund through the fund manager: Vesteda Investment Management B.V. The rights and obligations of the manager, the Supervisory Committee and the investors are set out in the fund Terms and Conditions. Investors' rights and obligations in respect of the shares in Vesteda Investment Management B.V. and Vesteda Project Development B.V. are exercised through an enduring power of attorney granted to Stichting Administratiekantoor Vesteda.

### Vesteda Investment Management B.V. (the manager)

The fund Terms and Conditions instruct the manager to manage the fund. The manager is responsible for day-to-day operations and the implementation of the funds' strategy. The Managing Board and the staff are employed by the manager. The management of the fund is conducted under the conditions set out in the fund Terms and Conditions.

### Vesteda Finance B.V. and Vesteda Project Development B.V.

Vesteda Finance B.V. will undertake Vesteda's financing activities. Vesteda Project Development B.V. is responsible for completing the development projects in the pipeline.

### Custodians

The five custodians are legal owners of the property in the fund. The fund is the beneficial owner. Individual properties can be allocated to the various custodians, making it possible to finance the fund flexibly if desired by allocating collateral to one of the custodians.

Vesteda Residential Fund FGR is a mutual fund, which is not classified as a legal entity by Dutch Law. Therefore Vesteda Residential Fund FGR has no legal obligation to prepare company financial statements.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Vesteda Companies as at 31 December each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Vesteda Companies obtain control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The following entities are included in the Vesteda Companies consolidated financial statements:

- Vesteda Residential Fund FGR, Amsterdam - Parent entity
- Vesteda Investment Management B.V., Amsterdam - 100%
- Stichting Dutch Residential Fund I, Amsterdam - 100%
- Custodian Vesteda Fund I B.V., Amsterdam - 100%
- Custodian Vesteda Fund II B.V., Amsterdam - 100%
- Custodian Vesteda Fund III B.V., Amsterdam - 100%
- Custodian Vesteda Fund IV B.V., Amsterdam - 100%
- Custodian Vesteda Fund V B.V., Amsterdam - 100%
- Vesteda Finance B.V., Amsterdam - 100%
- Vesteda Project Development B.V., Amsterdam - 100%
  - HOG Heerlen Onroerend Goed B.V., Heerlen - 100%
  - Gordiaan Vastgoed B.V., Heerlen - 100%

All intra-Vesteda Companies' balances, transactions and unrealised gains and losses resulting from intra-Vesteda Companies' transactions are eliminated in full.

Vesteda is able to move assets between the custodians within the boundaries of the debt covenants.

Control is achieved when the Fund is exposed, or has rights, to variable returns from its involvement with the affiliated company and has the ability to affect those returns through its power over the affiliated company. Specially, the Fund controls an affiliated company if and only if the Fund has:

- Power over the affiliated company (i.e. existing rights that give it the current ability to direct the relevant activities of the affiliated company);
- Exposure, or rights, to variable returns from its involvement with the affiliated company; and
- The ability to use its power over the affiliated company to affect its returns.

When the Fund has less than a majority of the voting or similar rights of an affiliated company, the Fund considers all relevant facts and circumstances in assessing whether it has power over an affiliated company, including:

- The contractual arrangement with the other vote holders of the affiliated company;
- Rights arising from other contractual arrangements;
- The Fund's voting rights and potential voting rights.

The Fund re-assesses whether or not it controls an affiliated company if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an affiliated company begins when the Fund obtains control over the affiliated company and ceases when the fund loses control of the affiliated company. Assets, liabilities, income and expenses of an affiliated company acquired or disposed of during the year are included in the statement of comprehensive income from the date the Fund gains control until the date the Fund ceases to control the affiliated company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Fund's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Vesteda Companies are eliminated in full on consolidation. A change in the ownership interest of an affiliated company, without a loss of control, is accounted for as an equity transaction. If the Fund loses control over an affiliated company, it:

- Derecognises the assets (including goodwill) and liabilities of the affiliated company;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorder in equity;
- Derecognises the fair value of the consideration received;
- Derecognises the fair value of any investment retained;
- Derecognises any surplus or deficit in profit or loss.

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Fund had directly disposed of the related assets or liabilities.

## Accounting policies

### Investment property

Investment property comprises completed property and property under construction (or redevelopment) held to earn (future) rental income or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for operational purpose. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, where parties traded in an informed, diligent way and without compulsion. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

The determination of the fair value for investment property is based on the income approach in line with IFRS 13. Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the rents and property operating expenses of Vesteda's assets, Vesteda believes it appropriate to classify its investment property under Level 3. In addition, unobservable inputs, including appraisers' assumptions on discount rates, dates, rates, inflation and exit yields, are used by appraisers to determine the fair value of Vesteda's investment property.

### Investment property under construction

Investment property under construction is, subsequent to initial recognition, also stated at fair value.

The fair value is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Development risks (such as construction and letting risks) are taken into consideration when determining the fair value of investment properties under construction.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the withdrawal or disposal of investment property are recognised in the income statement in the year of withdrawal or disposal.

### Property, plant and equipment

The office building is recognised at fair value, reappraised annually by an external appraiser. The revaluation is taken directly to group equity and recognised through other comprehensive income. Any revaluation losses in excess of the positive revaluation reserve in group equity is recognised directly in the income statement. Straight-line depreciation is applied, based on an estimated useful life, over the depreciable amount, being the carrying amount less residual value.

Other property, plant and equipment are recognised at cost less straight-line depreciation and any impairment. Depreciation is based on the estimated useful life of the assets concerned, which is between three and ten years.

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement.

#### Financial assets

- Associates; if significant influence is exercised on the commercial and financial policy of participating interest, those interests are accounted for using the equity method based on net asset value.
- Other participating interests are recognised at fair value.
- Loans receivable are recognised at amortised cost. Where necessary, there is a write-down for doubtful debts.

#### Leases – Vesteda Companies as lessee

Finance leases, which transfer to the Vesteda Companies substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement as they arise.

Other leases are classified as operating leases, unless they are leases of investment property (see investment property above). Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

#### Inventory property

Property acquired or constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Costs include:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of sale.

The cost of inventory recognised in profit or loss on disposal is determined by reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

#### Projects in progress

Property under construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as projects in progress. Projects in progress are recognised at the costs incurred plus a profit margin for any completed portions, less invoiced instalments and a provision for losses.

#### Receivables

Receivables are recognised at amortised cost, which is generally in line with face value, less a provision for doubtful debts.

#### Cash and cash equivalents

Cash is cash on hand and at bank. Cash is recognised at face value.

#### Financial liabilities

Loans are initially recognised at cost, which is the fair value of the amount received, less transaction costs. After initial recognition, loans are subsequently measured at amortised cost using the effective interest method. Interest expense is attributed to the period to which it relates and recognised through the income statement.

**Derivatives**

The Vesteda Companies use derivatives such as interest rate caps and interest rate swaps to hedge changes in interest rates. The derivatives are used to hedge the risk of uncertain future cash flows. In the financial statements, these relate to the variable-rate bonds, the credit facility and the mortgage loans.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

At the inception of the hedge relationship, the Vesteda Companies formally designate and document the hedge relationship to which the Vesteda Companies wish to apply hedge accounting together with the risk management objective and the strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The determination of the fair value for derivatives is based on the discounted cash flow approach in line with IFRS 13. Fair value hierarchy level 2 is applied. The risk free interest rate as used for the valuation of the derivative portfolio can be observed in the market.

**Provisions**

Provisions are recognised if it is probable that the obligation will have to be settled and a reliable estimate can be made of the amount of the obligation. The amount of a provision is set using the best estimate of the amount that will be required to settle the obligations and losses at the reporting date.

**Pensions**

Vesteda has arranged for its pension obligations through joining Stichting Pensioenfonds ABP (ABP). The ABP pension arrangement is a Multi employer plan in which actuarial and investment risks are almost in full for the account of the employees. Employers who joined this arrangement have no obligation to contribute additional premium in case of a deficit. Vesteda's obligations are limited to contribution of the premium set by the pensionfund. The Managing Board of ABP determines this premium annually on the basis of their own datafiles and with reference to the parameters and requirements specified by the supervising authority of ABP (the Dutch Central Bank).

The premium obligation arises from being a participant in the pension arrangement in the current year and does not originate from having joined the pension plan in previous years. The ABP pension arrangement qualifies as a defined contribution (DC) plan. Consequently the premium is recognised as an expense for the year.

**Current liabilities**

Trade payables and other current liabilities are recognised at amortised cost, which is generally in line with face value.

**Rental income**

Rental income from operating leases is recognised when it becomes receivable. Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis.

**Property operating expenses**

Operating expenses comprise costs directly attributable to a specific property. These costs are mainly maintenance costs, property tax and other levies, insurance premiums, management and letting fees and service costs not chargeable to tenants.

**Other income**

Other income is recognised when realised.

**Net rental income**

Net rental income is the rental income plus other income less property operating expenses.



**Result on projects in progress**

Profit is recognised in proportion to the amount of the project that has been completed.

**Result on disposals**

A property (or property under construction) is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally upon the unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied. The result on disposals is the proceeds from sales (less any facilitation costs) less the most recent carrying value of the properties sold, established each quarter.

**Management expenses**

Any expenses that cannot be allocated directly to the various properties are regarded as management expenses.

**Financial results**

Interest income and expense is recognised as it accrues using the effective interest method.

**Realised result**

The realised result is the sum of the net rental income and result on disposals and projects in progress less management expenses and net interest charges.

**Unrealised result**

The unrealised result is made up of unrealised gains and losses related directly to property investments.

**Corporate income tax**

Entities within the Vesteda Companies which are subject to corporate income tax, have no difference between accounting and taxable income. As such, taxation on income is calculated by applying the standard rate of tax to the taxable amount. If such a taxable amount is negative, Vesteda only recognises a benefit if there is a possibility to carry back the loss to years where taxes have been paid and if a refund is expected. Where relevant, the Vesteda Companies may recognise deferred tax assets in relation to losses carry forward. For purposes of clarity, the fund itself is exempt from corporate income taxes.

**5 RENTAL INCOME**

	2014	2013
Rental income	237	240

The rental income has decreased because of the declining number of properties in portfolio.

**6 PROPERTY OPERATING EXPENSES**

Operating expenses is made up as follows:

	2014	2013
Property (and related) taxes	11	11
Landlord levy	4	-
Property management costs	6	7
Maintenance costs	20	20
Fitting out costs	2	2
Letting and marketing fees	4	4
Non-recoverable service charges	8	9
Miscellaneous operational costs	7	7
<b>Total</b>	<b>62</b>	<b>60</b>

Operating expenses amounted to 25.9% of gross rental income in 2014 (2013: 24.8%).

Last year saw the government introduction of a landlord levy (verhuurderheffing) for homes in the regulated rental sector. It will not be possible to offset this completely with the introduced potential of income-related rent increases.

Taxes consist primarily of property taxes. The property management costs and letting and marketing fees are management expenses allocated to the property operating expenses.

### Net rental income

Net rental income (rental income plus other income less property operating expenses) for the financial year 2014 was €176 million, as compared with €181 million in 2013.

## 7 RESULT ON DISPOSALS

The result on disposals is made up as follows:

	2014	2013
Result on disposals of investment property	20	3
<b>Total</b>	<b>20</b>	<b>3</b>

The result contains a profit of €0.2 million (2013: loss €5 million) relating to the disposal of entire complexes. Furthermore the result includes a profit of €20 million (2013: profit €8 million) relating to the disposal of individual units.

## 8 MANAGEMENT EXPENSES

The management expenses comprise:

	2014	2013
Salaries	22	20
Social security charges	2	2
Pension charges	2	2
Depreciation expenses	1	1
Other operating expenses	7	6
<b>Gross property management costs</b>	<b>34</b>	<b>31</b>
Presented within net rental income and results on disposals	(13)	(15)
<b>Total</b>	<b>21</b>	<b>16</b>

Salaries of 2014 include employment termination payments of €2.4 million for the reorganisation of Property Management. Presented within net rental income are the management costs of Vesteda's in-house property management department. The Vesteda Companies employed an average of 235 people (2013: 272) during the year; this was an average of 207.8 FTE's (2013: 240.0 FTE's).

## 9 FINANCIAL RESULTS

The financial results are made up as follows:

	2014	2013
Interest expenses	47	54
Amortisation of financing costs	6	9
Unwind transaction derivatives	12	-
<b>Total</b>	<b>65</b>	<b>63</b>

## 10 UNREALISED RESULT

The unrealised results are made up as follows:

	2014	2013
Revaluation investment property	17	(152)
Revaluation investment property under construction	10	1
Revaluation inventory property	-	(2)
Revaluation property, plant and equipment	-	(1)
Result on projects in progress	-	1
Additions provisions for contractual obligations	(5)	(7)
Additions other provisions	-	(3)
<b>Total</b>	<b>22</b>	<b>(163)</b>

## 11 TAX

No deferred tax asset for tax loss carry forwards and differences in measurement for tax and commercial purposes has been recognised in view of the losses expected to be incurred by Vesteda Project Development B.V. in the future.

The total tax loss carry forward can be specified as follows:

	in € million
2005	-
2007	1
2009	3
2010	45
2011	14
2012	13
2013	-
2014	-
<b>Total</b>	<b>76</b>

The tax loss can be carried forward for nine years after the loss is recognised. In 2014 the positive result was €6 million following increasing sales volume and of improving prices for the units sold. The positive result of 2014 is cleared with the loss of 2005 and partly 2007. Volume of units to be sold is minimised. So no positive results are expected in the future.

## 12 NET GAINS (LOSSES) ON CASH FLOW HEDGES ARISING DURING THE YEAR

The net gains (losses) on cash flow hedges arising during the year are made up as follows:

	2014	2013
Positive revaluation derivatives	14	41
Negative revaluation derivatives	(30)	-
Unwind transaction derivatives	12	-
<b>Total</b>	<b>(4)</b>	<b>41</b>

### 13 EARNINGS PER PARTICIPATION RIGHT

Basic earnings per participation right are calculated by dividing result after tax for the year attributable to equity holders of the parent by the weighted average number of participation rights outstanding during the year. The following reflects the income and number of participation rights used in the basic and diluted earnings per participation right computations:

	2014	2013
Result after tax attributable to equity holders	136	(60)
Weighted average number of participation rights	24,579,303	25,118,260

There have been no other transactions involving participation rights or potential participation rights between the reporting date and the date of completion of these financial statements.

### 14 NET ASSET VALUE (NAV) PER PARTICIPATION RIGHT

Basic IFRS NAV per participation right is calculated by dividing net assets in the balance sheet attributable to ordinary equity holders of the parent by the number of participation rights at year end. The following reflects the net assets and number of participation rights used in the basic and diluted NAV per participation right computations:

	2014	2013
NAV attributable to equity holders of the parent	2,262	2,280
Participations	24,045,495	24,580,770
<b>Basic IFRS NAV</b>	<b>2,262</b>	<b>2,280</b>
Revaluation to fair value of fixed rate debt	(16)	-
<b>INREV NAV</b>	<b>2,246</b>	<b>2,280</b>
<b>Net Asset Value (NAV) per participation right in €</b>		
Basic and diluted IFRS NAV	94.07	92.76
Adjusted (INREV) NAV	93.41	92.76

### 15 INVESTMENT PROPERTY

The investment property is made up as follows:

	2014	2013
<b>Investment property as at 1 January</b>	<b>3,655</b>	<b>3,768</b>
Held for sale	-	202
<b>Investment property as at 1 January</b>	<b>3,655</b>	<b>3,970</b>
Capital expenditure on owned property	18	13
Transfer from property under construction	45	10
Disposals	(142)	(186)
Revaluation (fair value adjustment)	17	(152)
<b>Investment property as at 31 December</b>	<b>3,593</b>	<b>3,655</b>

The fair value of completed investment property has been determined on a market value basis in accordance with International Valuation Standards (IVS), as set out by the IVSC. The valuation is prepared on an aggregated ungeared basis. As set out in Note 4, in arriving at their estimates of market values, the appraisers have used their market knowledge and professional judgement rather than relying exclusively on comparable historical transaction data.

Vesteda continuously seeks to optimise its portfolio of investment properties, which includes the sale of investment properties if this is considered the most optimal strategy; however it appeared not possible under current market conditions to identify those investment properties meet the 'held-for-sale' definition. Consequently, no investment properties are presented as held for sale as per 31 December 2014.

The valuations were performed by accredited independent appraisers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being appraised.

The fair value of the assets is driven by the net cash flows generated by the assets, which are taken into account by the market, in combination with the discount rate development. The generated cash flow is the net rental income plus the net sales revenues from selling individual units.

The discount rate is a derivative of the cost of capital, the availability of capital, the risk perception of the assets and the supply and demand in the market for residential investments.

The following main inputs have been used in the valuation of the investment property:

	2014	2013
Discount rate (%)	7.2	7.3
Sales rate (%)	4.5	4.1
Exit yield (%)	7.2	7.1
Inflation (%)	2.1	2.1

These inputs are considered to be the most important drivers in the valuation of investment property.

### Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumption, being the discount rate, underlying the valuation of completed investment property.

	-100 bps discount rate	Fair value	+100 bps discount rate
1 January 2014	3,877	3,655	3,423
31 December 2014	3,806	3,593	3,370

## 16 INVESTMENT PROPERTY UNDER CONSTRUCTION

	2014	2013
As at 1 January	(3)	(10)
Capital expenditure on property under construction	46	16
Transfer to investment property	(45)	(10)
Fair value adjustment	10	1
<b>As at 31 December</b>	<b>8</b>	<b>(3)</b>

	2014	2013
Positive balance	9	11
Negative balance	(1)	(14)
<b>Total projects under construction</b>	<b>8</b>	<b>(3)</b>

The fair value of investment property under construction has been determined on a market value basis. The valuation is prepared internally on an aggregated ungeared basis. As set out in Note 4, in arriving at their estimates of market values, the appraisers used their market knowledge and professional judgment, rather than relying exclusively on comparable historical transaction data.

The fair value of the assets under construction is driven by the net future cash flow generated by the assets, in combination with the discount rate development. The generated cash flow, the net rental income plus the net sales revenues from selling off individual homes. The discount rate is a derivative of the cost of capital, the availability of capital, the risk perception of the assets and the demand and supply in the market for residential investments. For the main inputs for the fair value of investment property under construction, we refer to Note 15.

## 17 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Other	Total
<b>As at 1 January 2013</b>	<b>5</b>	<b>2</b>	<b>7</b>
Revaluation	(1)	-	(1)
<b>As at 31 December 2013</b>	<b>4</b>	<b>2</b>	<b>6</b>
Investments	-	1	1
Depreciations	-	1	1
<b>As at 31 December 2014</b>	<b>4</b>	<b>2</b>	<b>6</b>

The office building is valued at fair value by an independent valuer for an amount of €4 million (2013: €4 million), which results in no fair value adjustment in the current period (2013: €-1 million). For the determination of the fair value we refer to the explanation provided in Note 15. The value of the office building based on the historical cost model amounts to €5 million (2013: €5 million). The economic life of the office building is set at thirty years, and the accumulated depreciation amounts to nil.

## 18 FINANCIAL ASSETS

The financial assets are made up as follows:

	Loans
<b>As at 1 January 2013</b>	<b>13</b>
Investments	4
Disposals	10
<b>As at 31 December 2013</b>	<b>7</b>
Investments	2
<b>As at 31 December 2014</b>	<b>9</b>

## 19 INVENTORY PROPERTY

Inventory property is made up as follows:

	2014	2013
<b>As at 1 January</b>	<b>16</b>	<b>15</b>
Transfer from Projects in progress	2	3
Reclassification from Investment property	-	2
Fair value adjustment	-	(2)
Disposals	(13)	(2)
<b>As at 31 December</b>	<b>5</b>	<b>16</b>

Inventory property are residential properties to be sold directly by Vesteda Project Development B.V. to third parties. All individual inventory properties are valued at lower net realisable value.

## 20 PROJECTS IN PROGRESS

The projects in progress are made up as follows:

	2014	2013
Costs incurred	64	54
Recognised profits	5	2
Recognised losses	(4)	(5)
Progress billing	(65)	(41)
<b>Total</b>	<b>-</b>	<b>10</b>

The balance on projects in progress represents all the projects in progress where the incurred costs plus the capitalised profit less the recognised losses are in excess of the progress billings. Projects in progress includes 100% of the Project Markchoek which is a co-development between Vesteda (60%), who acts as secretary, and Synchroon (40%).

The result on projects in progress for 2014 amounts to €4 million (2013: €2 million); recognised profits increased with €3 million and recognised losses decreased with €1 million during 2014. All the projects in progress are completed in 2014.

## 21 TRADE AND OTHER RECEIVABLES

The trade and other receivables are made up as follows:

	2014	2013
Loans receivable	4	4
Trade receivables	3	8
Other receivables	3	2
<b>Total</b>	<b>10</b>	<b>14</b>

Loans receivable relate to amounts overdue for an amount of €17 million (2013: €17 million), for which a provision for doubtfulness is recorded for an amount of €13 million (2013: €13 million).

The trade receivables include costs of sales paid in advance of €2.0 million (2013: €2.0 million) and a provision for doubtfulness of €1.8 million (2013: €1.8 million), for overdue amounts €1.4 million, for other €0.4 million.

Other receivables do not contain overdues, which are not impaired.

## 22 CASH AND CASH EQUIVALENTS

The cash and short-term deposits are made up as follows:

	2014	2013
Cash at bank and on hand	23	33
Short-term deposits	12	30
<b>Total</b>	<b>35</b>	<b>63</b>

With the exception of €0.2 million blocked cash (2013: €2 million), cash and cash equivalents are at the free disposal. The blocked cash covers bank guarantees, that were issued as rent guarantees for offices that are used by Vesteda.

## 23 GROUP EQUITY

The participation rights issued can be specified as follows:

	2014	2013
<b>As at 1 January</b>	<b>24,580,770</b>	<b>25,119,737</b>
Redeemed in the year	(535,275)	(538,967)
<b>As at 31 December</b>	<b>24,045,495</b>	<b>24,580,770</b>

The participation rights carry a nominal value of €1, all participation rights are fully paid. There are no restrictions relating to dividend and capital distribution. For further information on movements reference is made to the consolidated statement of changes in equity. An amount of €50 million was paid for the 535,275 participation rights redeemed at year-end. In 2014 €100 million dividend, €4.07 per participation, was paid out.

Vesteda Residential Fund FGR is a mutual fund, which is not classified as a legal entity under Dutch law. Vesteda Residential Fund FGR does therefore not have legal requirements relating to reserves. However the fund has decided to present its statement of changes in equity as recorded on page 62 as if the fund were subject to the rules for the determination of revaluation reserves.

Property reserve is the difference between the market value and historical book value. Revaluation of property is accounted for in case of positive revaluations. Negative revaluation is deducted from this reserve as long as the reserve is positive on an individual basis.

Derivatives reserve contains the value fluctuations of derivatives by applying hedge accounting.

The cash flow hedge reserve may be reclassified to profit or loss should the underlying hedged item not be kept until its expected maturity. Currently Vesteda expects that this will not occur in the future.



## 24 FINANCIAL LIABILITIES

The financial liabilities are made up as follows:

	Term facilities	Mortgages	Bonds	Total
<b>As at 1 January 2013</b>	<b>1,425</b>	<b>98</b>	-	<b>1,523</b>
Financing costs	(9)	-	-	(9)
<b>Value net of financing costs</b>	<b>1,416</b>	<b>98</b>	-	<b>1,514</b>
Drawn	555	50	-	605
Repayments	(775)	(3)	-	(778)
Additions	(6)	(1)	-	(7)
Amortisation	9	-	-	9
<b>As at 31 December 2013</b>	<b>1,199</b>	<b>144</b>	-	<b>1,343</b>
Drawn	400	35	300	735
Disagio	-	-	(2)	(2)
Repayments	(770)	(50)	-	(820)
Additions	(1)	-	(2)	(3)
Amortisation	6	-	-	6
<b>As at 31 December 2014</b>	<b>834</b>	<b>129</b>	<b>296</b>	<b>1,259</b>

As at 31 December 2014 the amount classified as current liability amounts to €298 million (2013: €395 million). Financing costs amount up to €4 million as at 31 December 2014; of which €1 million is related to Term Facilities, €1 million to Mortgages and €2 million to Bonds.

### Debt Funding

The information below is provided for explanatory purposes with regard to the Vesteda Companies' long-term funding.

The Vesteda Companies obtain their debt funding through various sources:

- 1) Term Facilities, comprising corporate unsecured funding sourced via Vesteda Finance B.V. and a loan agreement based on CMBS funding with Vesteda Residential Funding II B.V.
- 2) Secured mortgage loans, borrowed by Custodian Vesteda Fund II B.V. and Custodian Vesteda Fund V B.V.
- 3) Bonds, issued as senior unsecured notes by Vesteda Finance B.V.

#### 1) Term Facilities

##### *Corporate unsecured funding*

Vesteda Finance B.V. acts as borrower and issuer of all corporate unsecured debt on behalf of Vesteda Residential Fund FGR. As per 31 December 2014, Custodian Vesteda Fund I B.V. and Custodian Vesteda Fund III B.V. act as guarantors for all obligations of the corporate unsecured debt that is borrowed or issued by Vesteda Finance B.V.

Vesteda Finance B.V. continued its corporate unsecured borrowing under its existing bank financing provided by the lenders ABN Amro, Rabobank and BNP Paribas:

- €300 million 3-year term loan tranche on 3-Months Euribor, with a margin of 1.25% and remaining legal term to maturity of 1.85 years;
- €300 million 5-year revolving loan tranche on 3-Months Euribor, with a margin of 1.55% and remaining legal term to maturity of 3.85 years.

A total amount of €135 million is outstanding under the revolving loan at year-end 2014.

Pricing of the bank facility is subject to a margin grid, whereby an LTV between 30% and 40% equates to a margin of 1.25% for the term loan tranche and 1.55% for the revolving loan tranche.

In April 2014 Vesteda Finance B.V. drew €300 million under a new €300 million corporate revolving bridge facility provided by the lenders ABN Amro, Rabobank and BNP Paribas. Vesteda Finance B.V. is the Borrower of the corporate revolving bridge facility and lends proceeds to Custodian Vesteda Fund III B.V. This entity used these proceeds to refinance the Term A7 Facility of €350 million that was provided by Vesteda Residential Funding II B.V. as part of the CMBS funding programme.

The corporate revolving bridge facility has an intended remaining term to maturity of 1.00 year and is funded on 1-Month Euribor with a margin of 0.95% including 0.10% utilisation fee) and subject to a margin step-up of 0.20% on 1 January 2015 and 1 July 2015 respectively. Per 31 December 2014 the €300 million corporate revolving bridge facility was fully undrawn and remains available for utilisation until one month prior to maturity.

In May 2014 Vesteda Finance B.V. borrowed €100 million under a new €100 million private placement transaction. Funds are provided by PRICOA Capital Group under a note purchase agreement. The senior notes have a fixed annual coupon of 3.18%, payable on a semi-annual basis and are due on 8 May 2021. The intended remaining term to maturity of the notes is 6.35 years.

#### *CMBS Funding - Vesteda Residential Funding II B.V.*

Vesteda Residential Funding II B.V. is a company specifically incorporated to manage the CMBS financing for the entity Custodian Vesteda Fund IV B.V. (this entity is consolidated into the fund's consolidated financial statements) under agreements between these parties, Vesteda Investment Management B.V. and the Security Trustee. Vesteda Residential Funding II B.V. also has the duty to provide security in connection with the financing. All the shares in Vesteda Residential Funding II B.V. are owned by Stichting Vesteda Residential Funding II. This Stichting and its subsidiary, Vesteda Residential Funding II B.V. are not consolidated by the fund. The manager of the Stichting is Intertrust Management B.V.

As at 31 December 2014, Vesteda Residential Funding II B.V. has issued a total of €300 million of variable-rate notes consisting of the class A4 secured floating rate notes (2005).

In 2014 the €350 million class A7 secured floating rate notes (2010) were repaid and Custodian Vesteda Fund III B.V. was released from the CMBS funding structure.

The Term A notes are listed on the Euronext Amsterdam Stock Exchange. The legal term when issued was twelve years for the Term A4 notes. If the intended term is exceeded, there are sanctions relating in particular to distributions to those entitled to the results of the Vesteda Companies. Early repayment is permitted.

The proceeds of the issue by Vesteda Residential Funding II B.V. have been lent on to Custodian Vesteda Fund IV B.V., as borrower in its capacity as custodian of Vesteda Residential Fund FGR. As a result of the above activities, the Vesteda Companies had the following facility provided by Vesteda Residential Funding II B.V. as at the reporting date:

- Term A4 Facility of €300 million with an intended remaining term to maturity of 0.55 years.

The borrower has made the funds available to Vesteda Residential Fund FGR. Interest is due quarterly and is based on the 3-month Euribor rate plus a mark-up. The mark-up for the Term A4 is 0.28 percentage points.

## **2) Mortgage funding**

In 2014, Vesteda Residential Fund FGR continued mortgage borrowing under its existing financing arrangements and extended an existing financing arrangement. Mortgage loans of €129.7 million were outstanding at year end. The mortgage is secured on company owned property.

Custodian Vesteda Fund V B.V. has three mortgage loans in place with lender FGH Bank:

- €35 million 3-year H1 tranche on 3-Months Euribor, with a margin of 1.775% and intended remaining term to maturity of 3.0 years;
- €21.8 million 5-year H2 tranche on 3-Months Euribor, with a margin of 2.50% and intended remaining term to maturity of 3.0 years;
- €22.8 million 5-year H3 tranche on 3-Months Euribor, with a margin of 2.50% and intended remaining term to maturity of 3.0 years.

Custodian Vesteda Fund II B.V. has one mortgage loan in place with lender Berlin Hyp AG:

- €50.0 million mortgage loan facility, with a margin of 1.80% and intended remaining term to maturity of 3.55 years.

## **3) Bonds**

In July 2014 Vesteda Finance B.V. issued €300 million senior unsecured notes under its newly established programme for the issuance of Euro Medium Term Notes (EMTN). The notes are rated BBB by Standard & Poor's, pay an annual fixed coupon of 1.75% and are due on 22 July 2019. The intended remaining term to maturity of the notes is 4.55 years.

## 25 PROVISIONS

The non-current provisions are made up as follows:

	2014	2013
<b>As at 1 January</b>	<b>47</b>	<b>40</b>
Additions	5	7
<b>As at 31 December</b>	<b>52</b>	<b>47</b>

A provision has been recognised for contractual obligations for the developments of investment property under construction but not yet started. The provision is calculated as the difference between the estimated market value of the investment property and the contracted purchase price.

These developments will take place in the period up to and including 2018, under uncertain market conditions. The provision is related to the contingencies and commitments as referred to in Note 34 for an amount of €167 million.

The current provisions are made up as follows:

	2014	2013
<b>As at 1 January</b>	<b>4</b>	<b>6</b>
Additions	1	1
Used	(2)	(2)
Released	(1)	(1)
<b>As at 31 December</b>	<b>2</b>	<b>4</b>

This provision relates to the severance payments, relocation compensations, and other costs directly related to the restructuring.

End of 2015 the remaining provision is expected to be almost nil.

## 26 DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives financial instruments are made up as follows:

	2014	2013
<b>As at 1 January</b>	<b>44</b>	<b>85</b>
Fair value gain	(14)	(41)
Fair value loss	30	-
Unwind transaction	(12)	-
<b>As at 31 December</b>	<b>48</b>	<b>44</b>

The fixed rate refinancing and deleveraging activities required Vesteda to adjust its hedging position. The notional of a €625 million Interest Rate Swap was reduced by €135 million to €490 million at an unwinding cost of €12 million. This transaction was NAV neutral.

### Derivatives

Ref.	Instrument type	Notional amount	Fixed rate	Effective date	Termination date	Fair value 2014
1)	IRS	300	3.895%	20 April 2009	20 July 2015	6
2)	IRS	490	1.999%	22 July 2013	20 July 2020	42
		<b>790</b>				<b>48</b>

**1) Hedging of CMBS loans**

An Interest rate swap (IRS) was taken out on the CMBS loan issued in July 2005 with the same term as the loan. The IRS (A4) has a notional of €300 million with a remaining term of 0.55 years.

**2) Hedging of Remaining Loan Portfolio**

Vesteda Finance B.V. held a long-term interest rate swap contract with Rabobank at a rate of 1.999% for an original notional amount of €625 million, decreasing in 2020 to €500 million, to hedge interest rate exposure on the remaining loan portfolio of VRF with floating interest exposure, comprising the corporate credit facility and mortgage loans.

In order to avoid a hedging level of floating interest in excess of 100%, in September 2014 €135 million of notional of the IRS was unwound for a total consideration of €12 million. As a result the notional was reduced to €490 million, decreasing to €365 million in 2020. The Vesteda Finance IRS has a weighted remaining term of 5.55 years.

According to the VRF Terms and Conditions, Vesteda is required to hedge a minimum of 70% of existing interest rate exposure. At 31 December 2014 94% of the floating interest rate risk was hedged.

As a result of a further decrease of Euribor Interest rates, a flattening of the interest curve in 2014 and an unwind transaction, fair value of financial instruments increased by €4 million to €48 million negative.

**27 TRADE AND OTHER PAYABLES**

The trade and other payables are made up as follows:

	2014	2013
Trade payables	5	7
Amounts received in advance	11	13
Interest	9	9
VAT integration levy	7	11
Holiday days and holiday pay	1	1
Tax and social security contributions	2	2
Other	8	7
<b>Total</b>	<b>43</b>	<b>50</b>

**28 TRANSACTIONS WITH RELATED PARTIES**

Vesteda has a pension plan with ABP. This counterparty is also a participant in the Fund. All transactions are at arm's length.

The Managing Board and the Supervisory Committee are identified as key management personnel in accordance with IAS 24. The remuneration of these managers is explained in Note 31 and 32.

**29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Vesteda's principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of Vesteda's loans and borrowings is to finance the Vesteda Companies property portfolio. As part of its business strategy, Vesteda uses debt financing to optimise its equity return by utilising a conservative level of debt leverage.

The Vesteda Companies also have trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from their operations.

Vesteda Residential Fund is exposed to market risk, interest rate risk, credit risk and liquidity risk.

Vesteda fully incorporates risk management in its strategic and operational processes. The risk management framework addresses all levels and lines of business in order to strengthen 'in control' performance.

The Vesteda Managing Board assesses its proper functioning on a regular basis and continues to pursue further improvement and optimisation of the internal risk management and control procedures.

In addition to the risk management framework, Vesteda also actively manages market risk, interest rate risk, credit risk and liquidity risk as part of its treasury policy.

### 1) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The financial instruments held by Vesteda Residential Fund that are affected by market risk are principally the derivative financial instruments that are used for hedging interest risk on its loan portfolio.

### 2) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Vesteda's exposure to the risk of changes in market interest rates relates primarily to the Vesteda's long-term debt obligations with floating interest rates.

According to the VRF Terms and Conditions, Vesteda is required to hedge a minimum of 70% of existing interest rate exposure.

To manage its interest rate risk, Vesteda Residential Fund enters into interest rate swaps. With respect to the interest rate swaps, Vesteda agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as hedges of underlying debt obligations. At 31 December 2014, after taking into account the effect of interest rate swaps, 94% of Vesteda's borrowings are hedged (2013: 97%).

#### Sensitivity analyses of market and interest rate risk

Vesteda used an immediate increase by one percent point in the interest rate curve as at 31 December 2014 for an interest rate risk sensitivity scenario. The analysis has been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and derivatives are all constant and using the hedge designations in place as at the reporting date.

- The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial liabilities held at the reporting date, including the effect of hedging instruments.
- The sensitivity of equity is calculated by revaluing swaps designated as cash flow hedges, for the effects of the assumed changes in interest rates.

An immediate increase of one percent point in the interest rates as at 31 December 2014 would increase the theoretical annual interest expense by €0.6 million, assuming that the composition of the financing is unchanged.

An immediate increase of one percent point in the interest rates as at 31 December 2014 would have an impact on the fair value of derivative financial instruments used in interest hedge relationships. As a result, the amount in the hedge reserve would increase by €25.8 million.

In terms of value hierarchy all of Vesteda's derivatives can be qualified as Level 2. The value of these derivatives is determined based on inputs other than quoted prices. All inputs that have significant effect on the recorded fair value are observable, either directly or indirectly.

### 3) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Vesteda is exposed to credit risk from its leasing activities and its financing activities, including deposits with banks and financial institutions and derivatives.

#### Tenant receivables

Credit risk is managed by requiring tenants to pay rent in advance. The credit quality of tenants is assessed using an extensive credit rating scorecard at the time of entering into a lease agreement. Vesteda regularly monitors outstanding tenants' receivables. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset.

### Credit risk related to financial instruments and cash deposits

Vesteda's treasury department manages credit risk from balances with banks and financial institutions. As part of its treasury policy, Vesteda maintains a formal counterparty policy in respect of those organisations from which it may borrow or with whom it may enter into other financing or investment arrangements. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Vesteda's Managing Board reviews counterparty credit limits at least on an annual basis, and may update these at any time in the year should market conditions require any changes to the counterparty credit limits. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

As part of its treasury policy Vesteda strives for adequate diversity in Vesteda's counterparties and limit concentration risk.

### 4) Liquidity risk

Liquidity risk is the risk that (1) Vesteda will not be able to refinance maturing debt funding, or (2) if debt is refinanced, the maturity and interest rate of the financing will have a significant unplanned adverse effect on Vesteda's cash flow and liquidity position. Vesteda limits this risk by conservative use of loan capital.

Vesteda's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

Liquidity risk is managed by the treasury department with the objective of ensuring that Vesteda has sufficient funds available to meet its financial obligations. As part of its treasury policy, Vesteda aims to have adequate though not excessive cash resources, borrowing arrangements and overdraft or standby facilities to enable it at all times to have the level of funds available necessary for the achievement of its business objectives.

The table below summarises the maturity profile of the Vesteda's financial liabilities based on contractual undiscounted payments.

	On demand	< 3 months	3-12 months	1-5 years	Total
<b>Year ended 31 December 2014</b>					
Interest-bearing loans and borrowings	-	-	300	965	1,265
Interest	-	13	32	207	252
Deposits from tenants	7	-	-	-	7
Finance leases	-	-	-	-	-
Financial derivatives	-	-	3	45	48
Trade and other payables	9	23	1	-	33
	<b>16</b>	<b>36</b>	<b>336</b>	<b>1,217</b>	<b>1,605</b>

	On demand	< 3 months	3-12 months	1-5 years	Total
<b>Year ended 31 December 2013</b>					
Interest-bearing loans and borrowings	-	55	398	897	1,350
Interest	-	13	38	183	234
Deposits from tenants	7	-	-	-	7
Finance leases	-	-	-	-	-
Financial derivatives	-	-	3	41	44
Trade and other payables	14	22	-	-	36
	<b>21</b>	<b>90</b>	<b>439</b>	<b>1,121</b>	<b>1,671</b>

The disclosed amounts for financial derivatives in the above table are the net undiscounted cash flows.

### Fair value of financial instruments

This section describes the comparison between the carrying amounts of Vesteda Companies' financial instruments and their estimated fair values. Trade and other receivables and Trade and other payables are carried at amortised cost, but given their short duration, the fair value does not significantly deviate from the carrying amount (level 3 valuation). Cash and cash equivalents are recognised at fair value.

With respect to financial assets, management concluded that the carrying amount is an appropriate estimate of the fair value. The derivatives are carried at their fair values (level 2 valuation). With respect to the financial liabilities (both short term and long term), these are carrying a variable interest based on EURIBOR plus a mark-up, which does also take into account the perceived credit risk of the Vesteda Companies. As a result, their carrying amount approximates the fair value.

The fair value measurement of senior unsecured notes that are issued by Vesteda Finance B.V. can be qualified as level 1 valuation. Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

The fair value measurement of the senior notes that were privately placed by by Vesteda Finance B.V. can be qualified as level 2 valuation with inputs other than quoted market prices included within Level 1 that are observable for the asset or liability. In this case, interest rates and yield curves that are observable at commonly quoted intervals.

The senior unsecured notes as well as the senior privately placed are both fixed rated.

Fixed rate debt is initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest method.

### Financial instruments

Type	Notional amount	Estimated fair value amount	Level valuation
Senior unsecured notes	300	306	1
Senior notes	100	110	2
	<b>400</b>	<b>416</b>	

The €300 million senior unsecured notes represent an equivalent fair value estimate per year end 2014 up to €306 million.

The €100 million of senior notes represent an equivalent fair value estimate per year end 2014 up to €110 million.

## 30 CAPITAL MANAGEMENT

The primary objective of the Vesteda Companies capital management is to ensure that the company remains within its quantitative banking covenants and maintains a strong credit rating. The Vesteda Companies monitor capital primarily using a loan to value (LTV) ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio.

The banking covenants related to Vesteda's CMBS programme require that the loan to value ratio does not exceed 35% on CMBS borrower level. The other loan facilities with exception of CVFV have LTV covenants of 45% on borrower level and 50% on VRF level (corporate unsecured debt) respectively.

In the year under review the Vesteda Companies did not breach any of their loan covenants, nor did they default on any other of their obligations under their loan agreements.

**Capital management**

	2014	2013
Carrying amount of interest-bearing loans and borrowings	1,259	1,343
Unamortised issuing costs	6	7
<b>Principal amount of interest-bearing loans and borrowings</b>	<b>1,265</b>	<b>1,350</b>
External valuation of completed investment property	3,593	3,655
Internal valuation of investment property under construction	8	(3)
<b>Total valuation of investment property</b>	<b>3,601</b>	<b>3,652</b>
Loan to value ratio	35.1%	37.0%

Vesteda has performed a sensitivity stress test with regard to changes in required gross yield in relation to the loan to value. An increase of the required gross yield of 2.9% percentage points would lower the value of the investment property to such extent that a LTV of 50% would be reached.

**31 MANAGING BOARD REMUNERATION**

In 2014 the company paid €376,000 (2013: €887,000) for the remuneration of the Managing Board and €609,000 (2013: nil) for the remuneration of the former Managing Board.

In addition social security charges and pension contributions were €83,000 (2013: €120,000) for the Managing Board and €133,000 (2013: nil) for the former Managing Board.

After approval of the annual accounts 2014, the Supervisory Committee will grant the target rewards for the Managing Board for the year 2014.

**32 SUPERVISORY COMMITTEE REMUNERATION**

The remuneration for the Supervisory Committee members in 2014 (four January until October and five November and December) (2013: five) was €185,000 (2013: €211,000).

**33 SERVICE FEES PAID TO EXTERNAL AUDITORS**

Management expenses include the following amounts recognised as fees to Ernst & Young Accountants LLP: €289,000 (2013: €333,000) for audit services, €177,000 (2013: €64,000) for audit-related services and €30,000 (2013: €47,000) for other services. All amounts are excl. VAT.

Ernst & Young Accountants LLP did not charge fees for tax advice in either year.

**34 CONTINGENCIES AND COMMITMENTS**

The total liabilities for obligations entered into for construction contracts, rental and lease instalments are some €209 million (2013: €228 million). Vesteda has not provided security for these liabilities. The liabilities are made up as follows:

	Construction contracts	Property leases	Car leases
Due within 1 year	61	1	1
Due between 1 and 5 years	142	2	2
	<b>203</b>	<b>3</b>	<b>3</b>

As provisions in Note 25 are applicable for future investment portfolio and portfolio for sale, the liabilities are also adapted for both future investment portfolio and portfolio for sale.



## 35 NEW AND AMENDED STANDARDS AND INTERPRETATIONS, EFFECTIVE FOR FINANCIAL YEARS STARTING ON 1 JANUARY 2014

### Changes in accounting policies and disclosures

Vesteda applied, for the first time, certain standards and amendments that require restatement of previous financial statements. As Vesteda applies IFRS as issued by the IASB, the EU adoption process is not a relevant consideration.

Several other amendments apply for the first time in 2014. However, they do not impact the consolidated financial statements of Vesteda.

### Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment did not have any impact on the presentation of the financial assets and financial liabilities of Vesteda.

### Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. Vesteda has not novated its derivatives during the current and prior periods. However, these amendments will be considered for future novations.

### New and amended standards and Interpretations, effective for financial years starting after 1 January 2014

#### *Standards issued but not yet effective*

Standards and interpretations issued but not yet effective up to the date of issuance of Vesteda’s financial statements are listed below. The listing of standards and interpretations issued are those that Vesteda reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. Vesteda intends to adopt these standards and interpretations when they become effective.

- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, effective 1 January 2017
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- IFRIC 21 Levies, effective 17 June 2014
- Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs - 2011-2013 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014)<sup>1</sup>, effective 1 January 2016

### IFRS 9 Financial Instruments

The IASB issued the final version of IFRS 9 which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The adoption of IFRS 9 will have an effect on the classification and measurement of the Vesteda’s financial assets and on hedge accounting, but will not have an impact on the classification and measurement of the Vesteda’s financial liabilities. Vesteda is currently assessing the impact of this standard. The standard becomes effective for financial years beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory.

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Vesteda is currently assessing the impact of this standard, the expected impact of this standard will be limited for Vesteda. The standard becomes effective for financial years beginning on or after 1 January 2017. Full or modified retrospective application is required.

**Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative**

The amendments mark the completion of the five, narrow-focus improvements to disclosure requirements. They are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. Vesteda is currently assessing the impact of these improvements the expected impact of this amendments will be limited for Vesteda. The amendments become effective for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

**IFRIC 21 Levies**

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required. This interpretation will not have an impact on Vesteda's financial position and performance as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years. The interpretation becomes effective for financial years beginning on or after 17 June 2014.

**Improvements to IFRSs – 2010-2012 Cycle (Issued December 2013)**

The IASB issued the 2010-2012 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. Only those amendments that Vesteda reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date are included in the summary below.

- IFRS 3 Business Combinations: This improvement is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, as applicable).
- IFRS 13 Fair Value Measurement: It was clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest can be measured at invoice amounts when the effect of discounting is immaterial.
- IAS 24 Related Party Disclosures: This improvement is applied retrospectively and clarifies that a management entity - an entity that provides key management personnel services - is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

These improvements are not expected to have a material impact on the Vesteda's financial position and performance. The improvements become effective for financial years beginning on or after 1 February 2015.

**Improvements to IFRSs – 2011-2013 Cycle (Issued December 2013)**

The IASB issued the 2011-2013 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. Only those amendments that Vesteda reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date are included in the summary below.

- IFRS 3 Business Combinations: This improvement is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
  - Joint arrangements, and not just joint ventures, are outside the scope of IFRS 3;
  - This scope exemption applies only to the accounting in the financial statements of the joint arrangement itself.
- IFRS 13 Fair Value Measurement: This improvement is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, as applicable).
- IAS 40 Investment Property: The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). This improvement is applied prospectively and clarifies that IFRS 3 Business Combinations, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination.

These improvements are not expected to have a material impact on the Vesteda's financial position and performance. The improvements become effective for financial years beginning on or after 1 February 2015.

**Improvements to IFRSs – 2012-2014 Cycle (Issued September 2014)**

The IASB issued the 2012-2014 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements cover the following standards and subjects. Only those amendments that Vesteda reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date are included in the summary below.

- IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal

The Group is currently assessing the impact of these improvements. The improvements become effective for financial years beginning on or after 1 January 2016.

**36 OTHER INFORMATION****Proposals to investors****Proposed appropriation of result for 2014**

The Managing Board proposes that the profit for the year of €135,926,365 be added to equity. This proposal has been incorporated in the annual report.

**Proposed distribution to participants**

The Managing Board proposes a distribution to participants of €107 million for the year 2014. The annual accounts will be presented for adoption at the General Meeting of Participants on 1 April 2015.

# Independent auditor's report

To the participants of Vesteda Residential Fund FGR

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS 2014

### Our opinion

We have audited the consolidated financial statements 2014 of Vesteda Residential Fund FGR (hereafter: Vesteda), Amsterdam.

In our opinion the consolidated financial statements give a true and fair view of the financial position of Vesteda as at 31 December 2014, and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2014;
- The following statements for 2014: the consolidated statements of comprehensive income, changes in equity and cash flows;
- The notes, comprising a summary of the significant accounting policies and other explanatory information.

### Basis for Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report.

We are independent of Vesteda in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (VIO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Materiality

Misstatements can arise due to fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement the materiality for the financial statements as a whole was set at €22.6 million. The materiality is based on 1% of group equity. In performing our audit, we have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated financial statements for qualitative reasons.

We agreed with the Supervisory Committee that misstatements in excess of €1.2 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds..

### Our Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. We have communicated the key audit matters with the Supervisory Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Fair value valuation of investment property

The valuation of investment property is important to our audit as it is Vesteda's most significant asset and is highly dependent on estimates. In line with IAS 40, Vesteda values its investment property at fair value, which is based on an extensive internal valuation process and determined by independent real estate valuation experts.

The process of revaluation of the investment property is performed on a quarterly basis, in which each property is valued by an external valuator. At least once a year the valuation is based on an external valuation report, the other quarterly valuations are based on external desktop updates. The valuation of the investment property is set out in Note 15.

We have assessed Vesteda's valuation process as effective based on our control testing procedures. We verified that the fair value as per 31 December 2014, reconciles with either an external valuation report or a desktop update by an external valuator. We performed procedures to determine the quality and objectivity of the external valutors, the appropriateness of the parameters used and the correct recording of the revaluation.

#### **Significant estimates related to provisions for contractual obligations**

Vesteda's disclosures about non-current provisions are included in Note 25 and are mainly related to expected losses on contractual obligations. We focused on this item since the determination of these provisions requires significant management judgment. Movements in these provisions are also influenced by changes in the project plans and the underlying contractual agreements. The amounts involved are deemed significant to the financial statements.

We verified whether the methodology used for determining the non-current provisions has been applied consistently over the years. We compared the estimated future results used in the calculation with the project plans. Further, we reviewed the changes in the project plans and challenged whether these changes have been properly addressed in the new calculations. Based on our work performed, we concur with the significant estimates.

#### **Derivatives**

Net gains and losses on cash flow hedges arising during the year are recognized directly in equity through other comprehensive income, as set out in Note 26. This accounting treatment depends on the relation between the underlying hedged item (the borrowing) and the hedge instrument. Changes in the fair value of the hedge instrument are recognized in other comprehensive income when this relation is deemed effective.

We audited the critical terms match and verified that the calculation has been accurately performed, evidencing an effective relation between the borrowings and the interest rate swaps. We verified that the hedge documentation is in accordance with IAS 39.

#### **Responsibilities of Management and the Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the consolidated financial statements.

The Supervisory Committee is responsible for overseeing the company's financial reporting process.

#### **Our Responsibilities for the Audit of the Consolidated Financial Statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures; and
- Evaluating whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## **Report on other legal and regulatory requirements**

### **Report on the management board report**

We report that the management board report, to the extent we can assess, is consistent with the consolidated financial statements.

### **Engagement**

We were appointed as auditor of Vesteda for the 2014 year audit by the Supervisory Committee on 10 March 2014, which was approved by the participants at the annual meeting held on 1 April 2014. We have been statutory auditor of Vesteda for an uninterrupted period since 1997.

*Amsterdam, 18 March 2015*

Ernst & Young Accountants LLP

signed by J.M. Heijster

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# Annexes

# Annex 1: Key figures past ten years

	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2011 DG	2010 DG	2009 DG	2008 DG	2007 DG	2006 DG	2005 DG
<b>BALANCE SHEET &gt; PAGE 61</b>											
<b>Year-end, amounts in € million</b>											
Total assets	3,667	3,782	4,158	4,497	4,513	4,707	4,932	5,107	5,077	4,630	4,356
Equity	2,262	2,280	2,423	2,670	2,671	2,793	2,941	3,264	3,288	3,169	2,956
Loan capital	1,265	1,350	1,523	1,649	1,649	1,695	1,758	1,725	1,650	1,300	1,300
Leverage (%)	35	36	37	37	37	36	36	34	32	28	30
<b>PORTFOLIO VALUE &gt; PAGE 35</b>											
<b>Year-end, amounts in € million</b>											
Development portfolio	13	23	12	24	76	163	254	279	135	176	196
Investment portfolio	3,593	3,655	3,970	4,265	4,248	4,402	4,484	4,699	4,799	4,306	4,034
<b>Total portfolio</b>	<b>3,605</b>	<b>3,678</b>	<b>3,982</b>	<b>4,289</b>	<b>4,324</b>	<b>4,565</b>	<b>4,738</b>	<b>4,978</b>	<b>4,934</b>	<b>4,482</b>	<b>4,230</b>
<b>UNITS &gt; PAGE 32</b>											
<b>Year-end</b>											
Number of residential units	22,990	23,791	25,100	25,828	25,828	26,732	27,243	27,624	28,334	27,990	29,276
Number of commercial m <sup>2</sup> <sup>1)</sup>	36,359	36,640	50,491	55,410	55,410	57,515	51,663	43,179	39,789	41,725	36,098
Number of parking/garage spaces	9,335	9,527	10,217	10,427	10,427	10,177	9,699	9,457	8,984	8,185	7,203
<b>OCCUPANCY RATE &gt; PAGE 34</b>											
<b>Year-end</b>											
Investment portfolio (%)	96.6	96.1	95.6	95.7	95.7	95.2	95.3	97.1	97.2	96.8	96.4
<b>NET RENTAL INCOME &gt; PAGE 35,60</b>											
<b>Amounts in € million</b>											
Investment portfolio, at start of year	3,655	3,970	4,265	4,402	4,402	4,484	4,699	4,799	4,306	4,034	3,850
Net rental income	176	181	177	173	173	175	180	176	168	159	162
Net rental income (%)	4.8	4.6	4.2	3.9	3.9	3.9	3.8	3.6	3.8	3.9	4.2
<b>CUSTOMER SATISFACTION <sup>2)</sup> &gt; PAGE 113</b>											
<b>Rating (out of 10)</b>											
Investment portfolio	6.9	6.9	7.0	7.0	7.0	6.9	7.0	7.0	7.1	7.1	7.0
<b>OPERATING INCOME &gt; PAGE 19</b>											
<b>Amounts in € million</b>											
Realised income from letting	110	104	98	88	89	110	109	110	137	147	192
Realised income from project development	4	(1)	(1)	(4)	(13)	(27)	-	(3)	(4)	2	(4)
Unrealised income	22	(163)	(234)	(138)	(123)	(177)	(372)	(119)	178	285	206
<b>Total operating income</b>	<b>136</b>	<b>(60)</b>	<b>(137)</b>	<b>(49)</b>	<b>(47)</b>	<b>(94)</b>	<b>(263)</b>	<b>(12)</b>	<b>311</b>	<b>434</b>	<b>394</b>

1 The decrease in commercial space to 36,640 m<sup>2</sup> ultimo 2013 from 50,491 m<sup>2</sup> ultimo 2012 can be largely explained by a relabeling of care related properties in the portfolio. They now are registered as residential instead of commercial property.

2 Since the second survey in 2012, the questions for Service have been adjusted



	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2011 DG	2010 DG	2009 DG	2008 DG	2007 DG	2006 DG	2005 DG
<b>OPERATING RETURN &gt; PAGE 19</b>											
<b>As % of opening equity</b>											
Realised return from letting	4.8	4.3	3.6	3.1	3.2	3.7	3.4	3.3	4.3	4.9	6.6
Realised return from project development	0.2	(0.1)	-	(0.1)	(0.5)	(0.9)	-	(0.1)	(0.1)	0.1	(0.1)
Unrealised return	1.0	(6.7)	(8.7)	(4.9)	(4.4)	(6.0)	(11.4)	(3.6)	5.6	9.7	7.1
<b>Total operating return</b>	<b>6.0</b>	<b>(2.5)</b>	<b>(5.1)</b>	<b>(1.9)</b>	<b>(1.7)</b>	<b>(3.2)</b>	<b>(8.0)</b>	<b>(0.4)</b>	<b>9.8</b>	<b>14.7</b>	<b>13.6</b>
<b>EMPLOYEES &gt; PAGE 43</b>											
<b>Year-end</b>											
FTE	189	227	253	305	305	332	346	337	318	322	298
<b>INCOME &gt; PAGE 60</b>											
<b>Amounts in € million</b>											
Total operating income	136	(60)	(137)	(49)	(47)	(94)	(263)	(12)	311	434	394
Revaluation of derivatives	(4)	41	(30)	11	11	21	(35)	(92)	18	11	-
<b>Total income</b>	<b>132</b>	<b>(19)</b>	<b>(167)</b>	<b>(38)</b>	<b>(36)</b>	<b>(73)</b>	<b>(298)</b>	<b>(104)</b>	<b>329</b>	<b>445</b>	<b>394</b>
<b>RETURN &gt; PAGE 19</b>											
<b>As % of opening equity</b>											
Total operating return	6.0	(2.5)	(5.1)	(1.9)	(1.7)	(3.2)	(8.0)	(0.4)	9.8	14.7	13.6
Revaluation of derivatives	(0.2)	1.7	(1.1)	0.4	0.4	0.7	(1.1)	(2.7)	0.6	0.3	-
<b>Total return</b>	<b>5.8</b>	<b>(0.8)</b>	<b>(6.2)</b>	<b>(1.5)</b>	<b>(1.3)</b>	<b>(2.5)</b>	<b>(9.1)</b>	<b>(3.1)</b>	<b>10.4</b>	<b>15.0</b>	<b>13.6</b>
<b>DISTRIBUTION TO INVESTORS &gt; PAGE 19</b>											
<b>Amounts in € million</b>											
Opening equity	2,280	2,423	2,670	2,799	2,793	2,941	3,264	3,368	3,169	2,956	2,902
Distribution to investors	107	100	94	100	100	109	109	121	210	232	340
Distribution to investors (%)	4.7	4.1	3.5	3.6	3.6	3.7	3.3	3.6	6.6	7.8	11.7
<b>DISTRIBUTION TO INVESTORS &gt; PAGE 19</b>											
<b>Amounts in € participation</b>											
Opening equity	92.77	96.47	104.15	109.29	109.06	114.87	127.49	131.52	126.74	118.23	116.08
Distribution to investors	4.35	3.98	3.67	3.90	3.90	4.26	4.26	4.72	8.40	9.28	13.60
Distribution to investors (%)	4.7	4.1	3.5	3.6	3.6	3.7	3.3	3.6	6.6	7.8	11.7

# Annex 2: Composition of the investment portfolio

The list below sets out the properties in the investment portfolio. In line with the IPD definition, all properties are allocated to the residential properties sector, as the residential share of the gross market rental value is greater than 50% (97% as at year-end 2014). The units and values given for properties are fully owned.

## Key

Project: City, Street, Name of investment property, Province (GR=Groningen, FR=Friesland, DR=Drenthe, OV=Overijssel, GD=Gelderland, UT=Utrecht, FL=Flevoland, NH=Noord-Holland, ZH=Zuid-Holland, NB = Noord-Brabant, ZL=Zeeland, LB=Limburg), Construction year (the year before the First year of full letting)

LAND: Percentage owned versus leased (LH = Leashold)  
 RS: Rental segment (M = Mid-segment, R = Regulated segment, H = Higher segment)  
 R: Region (P = Primary region, S = Secondary region, O = Other)  
 U: Number of residential properties (units)  
 FH: Number of single-unit residential properties; family houses (units)  
 APP: Number of multiple-residency properties; apartments (units)  
 UA: Useable area of the residential properties (m<sup>2</sup> x 1,000)  
 COG: Commercial space (m<sup>2</sup>)  
 P: Parking and garage spaces (units)  
 RENT: Theoretical gross annual rent (as at 31 December, thousands of euros)

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P	RENT
Aalsmeer, Edisonstraat, Proosdij, NH, 1983	100%	M	P	15	15	-	16	-	-	162
Abcoude, Fluitekruid, Fluitekruid, UT, 1989	100%	M	P	31	31	-	34	-	-	361
Abcoude, Ereprijs, Fluitekruid, UT, 1989	100%	M	P	50	50	-	48	-	-	553
Abcoude, Fluitekruid, Fluitekruid, UT, 1989	100%	R	P	23	-	23	18	-	-	188
Abcoude, Ereprijs, Fluitekruid, UT, 1989	100%	R	P	25	-	25	20	-	-	206
Almere, Harderwijkoever, Boulevardflat, FL, 1984	100%	R	S	229	-	229	191	-	230	1,894
Almere, Slagbaai, Waterwijk, FL, 1983	100%	R	S	27	27	-	29	-	-	224
Almere, Havenhoofd, Havenhoofd, FL, 1986	100%	M	S	55	-	55	54	-	-	509
Almere, Marktmeesterstraat, Centrum, FL, 1988	100%	R	S	100	-	100	91	-	-	776
Almere, Raaigrasstraat, Kruidenwijk, FL, 1988	LH	M	S	84	84	-	97	-	-	766
Almere, Lotusbloemweg, Bloemenbuurt, FL, 1990	100%	M	S	59	59	-	67	-	-	577
Almere, Messiaenplantsoen, Muziekwijk, FL, 1990	100%	R	S	101	-	101	83	-	-	808
Almere, Rondostraat, Muziekwijk, FL, 1992	100%	M	S	29	29	-	38	146	-	312
Almere, Preludeweg, Muziekwijk, FL, 1994	100%	M	S	115	115	-	145	-	-	1,160
Almere, Gleditsiastraat, Parkwijk, FL, 1995	100%	M	S	62	62	-	85	-	-	597
Almere, Jacques Tatilaan, Filmwijk, FL, 1998	100%	M	S	90	90	-	114	-	-	870
Almere, Jarenweg, Seizoenenbuurt, FL, 1999	100%	M	S	40	40	-	45	-	-	355
Almere, Simon Vestdijkstraat, Literatuurwijk, FL, 1998	100%	M	S	38	38	-	47	-	-	356
Almere, Vrije Zeestraat, Oostvaardersbuurt, FL, 2001	100%	M	S	42	42	-	55	-	-	396
Almere, Nova Zemblastraat, Eilandenbuurt, FL, 2003	100%	M	S	43	43	-	49	-	-	435
Almere, Dek, Noorderplassen, FL, 2004	100%	M	S	31	31	-	47	180	-	349
Almere, Koetsierbaan, Side by Side, FL, 2007	100%	M	S	82	-	82	83	82	84	977
Almere, Fellinilaan, Filmwijk, FL, 1998	100%	M	S	42	-	42	43	-	-	444
Almere, Koetsierbaan, Side by Side, FL, 2007	100%	M	S	25	-	25	29	-	23	350
Almere, Marktmeesterstraat, legal separation of c689: Centrum 2A4F I, FL, 1989	100%	R	S	36	-	36	31	-	-	282
Almere, Marktmeesterstraat, legal separation of c689: Centrum 2A4F II, FL, 1989	100%	R	S	104	-	104	92	-	83	868
Almere-Stad, Quickstepstraat, Danswijk, FL, 1999	100%	M	S	40	40	-	44	-	-	358
Amersfoort, Parelvisserpad, Schuilenburg, UT, 1969	100%	M	P	116	116	-	142	-	50	1,232
Amersfoort, Blekerssingel, Willem III, UT, 1988	100%	M	P	18	-	18	15	-	-	171
Amersfoort, Bombardonstraat, Zielhorst M, UT, 1990	100%	M	P	21	21	-	21	-	-	201

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P	RENT
Amersfoort, Bombardonstraat, Zielhorst H, UT, 1990	100%	M	P	36	-	36	29	-	-	323
Amersfoort, Kasteel, Kattenbroek, UT, 1991	100%	M	P	79	79	-	106	-	-	899
Amersfoort, Groote Kreek, Kattenbroek Eiland, UT, 1993	100%	M	P	101	101	-	139	-	-	1,224
Amersfoort, Grote Koppel, Zeven Provinciën, UT, 2004	100%	M	P	58	-	58	66	-	-	779
Amersfoort, Zeeuwsestraat, Puntenburg, UT, 2010	100%	M	P	59	-	59	57	-	59	689
Amersfoort, Blekerssingel, Willem III, UT, 1988	100%	M	P	14	-	14	12	-	-	132
Amersfoort, Bruggensingel-Zuid, Kattenbroek, UT, 1991	100%	M	P	55	-	55	53	-	-	497
Amersfoort, Amsterdamseweg, Puntenburg fase II, UT, 2011	100%	M	P	49	-	49	58	175	54	706
Amstelveen, Westelijk Halfgrond, Groenelaan, NH, 1974	100%	R	P	192	-	192	158	-	25	1,516
Amstelveen, Groenhof, Groenhof, NH, 1972	100%	M	P	89	-	89	74	-	14	783
Amsterdam, Leusdenhof, Nellestein, NH, 1980	LH	R	P	227	-	227	203	280	272	1,920
Amsterdam, Snelleveldstraat, Reigersbos, NH, 1984	LH	M	P	153	153	-	144	51	-	1,567
Amsterdam, Mijndenhof, Mijndenhof, NH, 1984	LH	M	P	109	109	-	102	-	-	1,116
Amsterdam, Wethouder Abrahamspad, Wethouderbuurt, NH, 1986	LH	M	P	178	178	-	191	59	-	1,763
Amsterdam, Wethouder Driessenstraat, Wethouderbuurt, NH, 1987	LH	M	P	155	155	-	179	-	-	1,643
Amsterdam, Jan Puntstraat, Huizingalaan, NH, 1990	LH	M	P	167	-	167	149	-	143	1,938
Amsterdam, Bonhoeffersingel, Midden Akerveldsepolder, NH, 1989	LH	M	P	160	160	-	184	-	-	1,854
Amsterdam, Rudi Bloemgartensingel, Midden Akerveldsepolder, NH, 1990	LH	M	P	177	177	-	226	-	-	2,040
Amsterdam, Bart de Ligtstraat, Julianapark, NH, 1991	LH	H	P	40	40	-	51	-	16	608
Amsterdam, Diopter, Jeugdland, NH, 1998	LH	M	P	53	53	-	66	-	-	636
Amsterdam, Zuidelijke Wandelweg, Mirandalaan, NH, 1998	100%	M	P	90	-	90	91	3401	92	1,595
Amsterdam, Veemkade, Detroit, NH, 2004	LH	H	P	81	-	81	107	2457	-	1,975
Amsterdam, Pieter Calandlaan, Calandtoren, NH, 2004	LH	M	P	65	-	65	62	1515	68	921
Amsterdam, Wolbrantskerkweg, Wolbrantskerkweg, NH, 2005	LH	R	P	108	-	108	76	-	82	787
Amsterdam, IJburglaan, Blok 4, NH, 2003	LH	H	P	26	-	26	34	-	26	415
Amsterdam, Joris Ivensstraat, De Waterlinie, NH, 2004	LH	M	P	41	-	41	44	419	58	660
Amsterdam, IJburglaan, De Uitkijk (Blok 34), NH, 2005	LH	M	P	31	-	31	37	-	33	446
Amsterdam, Purperhoedenveem, Boston, NH, 2006	LH	H	P	90	-	90	95	-	-	1,517
Amsterdam, Pieter Postpad, De Drie Bouwmeesters fase A, NH, 2006	LH	M	P	37	37	-	51	-	-	503
Amsterdam, IJburglaan, De Ontdekking, NH, 2008	LH	M	P	43	-	43	47	-	43	612
Amsterdam, Jean Desmetstraat, IJburg blok 7, NH, 2008	LH	H	P	12	12	-	14	-	12	188
Amsterdam, Bert Haanstrakade, IJburg blok 8, NH, 2009	LH	H	P	120	-	120	149	1261	129	2,074
Amsterdam, Withoedenveem, Parkeergarage Nieuw Amerika, NH, 2006	LH	N/A	P	-	-	-	-	-	292	426
Amsterdam, Bijlmerdreef, Gerenstein-Gallery, NH, 2007	LH	M	P	96	-	96	94	-	-	974
Amsterdam, Overhoeksparklaan, Overhoeks Fase 1, NH, 2011	LH	H	P	61	-	61	72	-	91	1,348
Amsterdam, Ceramiquelaan, Overhoeks Fase 1 - blok A12, NH, 2012	100%	H	P	12	-	12	13	-	19	223
Amsterdam, Brigantijnkade, Steigereiland Noordbuurt blok A, NH, 2010	LH	H	P	26	-	26	32	672	46	547
Amsterdam, Galjootstraat, Steigereiland Noordbuurt blok C en F, NH, 2009	LH	M	P	59	-	59	59	-	68	821
Amsterdam, IJburglaan, Blok 4, NH, 2003	LH	H	P	11	-	11	24	-	11	236
Amsterdam, Hammerbystraat, Overhoeks Fase 1 - blok A14, NH, 2012	100%	H	P	14	-	14	16	-	15	228
Amsterdam, Bonhoeffersingel, Midden Akerveldsepolder, NH, 1989	LH	M	P	48	-	48	36	-	-	425
Amsterdam, Rudi Bloemgartensingel, Midden Akerveldsepolder, NH, 1990	LH	M	P	48	-	48	36	-	-	410
Amsterdam, Maliebaan, Julianapark, NH, 1991	LH	M	P	186	-	186	155	-	-	2,335
Amsterdam, Cornelis Outhoornstraat, De Drie Bouwmeesters fase A, NH, 2006	LH	M	P	46	-	46	43	-	48	492
Amsterdam, Hooivletstraat, Steigereiland Noordbuurt blok C en F, NH, 2009	LH	M	P	59	-	59	59	-	68	819
Amsterdam, Gustav Mahlerlaan, New Amsterdam, NH, 2008	LH	H	P	159	-	159	192	3665	198	4,316
Apeldoorn, Disselhof, Koning Stadhouderslaan, GD, 2009	100%	M	P	83	-	83	97	-	124	1,019
Arnhem, Hooghalensingel, Vredenburg, GD, 1974	100%	M	P	140	140	-	177	-	6	1,299
Arnhem, Hoogvliethof, Elderveld 231, GD, 1976	100%	R	P	69	69	-	80	-	17	570
Arnhem, Ginnekenstraat, Kroonse Wal, GD, 1988	100%	R	P	30	-	30	26	-	-	249
Arnhem, Amsterdamseweg, Rosorum, GD, 2009	100%	H	P	20	-	20	16	-	16	367
Assen, Groenkampen, Peelo, DR, 1986	100%	R	S	50	50	-	61	-	-	386

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P	RENT
Assen, Roegoorn, Marsdijk, DR, 1990	100%	M	S	33	33	-	33	-	-	325
Assen, Zuidhaege, Zuidhaege, DR, 1997	100%	M	S	60	-	60	57	-	56	599
Assen, Aardbeihof, Kloosterhoven, DR, 2004	100%	M	S	1	1	-	1	-	-	14
Beek, Kastanjelaan, Beatrixlaan, LB, 1983	100%	M	O	17	17	-	19	-	-	144
Bergen op Zoom, Zandstraat, Leemberg, NB, 1975	100%	R	O	27	27	-	24	-	-	197
Bergen op Zoom, Duvenee, Bergse Plaat Fa I, NB, 1991	100%	M	O	92	92	-	111	-	-	857
Bergen op Zoom, Agger, Bergse Plaat Fa II, NB, 1993	100%	M	O	23	23	-	28	-	-	243
Bergen op Zoom, Ansjovislaan, De Weer, NB, 1994	100%	M	O	45	-	45	49	-	50	461
Bergen op Zoom, Statietjalk, Landmark, NB, 2004	100%	M	O	30	-	30	35	-	30	353
Bergen op Zoom, Ansjovislaan, Laguna, NB, 2008	100%	M	O	33	-	33	35	-	33	393
Bergen op Zoom, Ansjovislaan, Villa Murano, NB, 2009	100%	M	O	17	-	17	18	-	17	195
Bergen op Zoom, Ansjovislaan, De Weer, NB, 1994	100%	M	O	76	-	76	84	-	84	777
Breda, Lachappellestraat, Lachappellestraat, NB, 1961	100%	R	P	54	-	54	36	-	15	407
Breda, Blauwtjes, Waterjuffer, NB, 1999	100%	M	P	36	-	36	33	-	5	380
Breda, Argusvlinder, Argusvlinder, NB, 1999	100%	R	P	64	-	64	42	-	-	386
Breda, Lovensdijkstraat, Vredenbergh, NB, 2004	LH	H	P	102	-	102	65	1734	56	1,552
Breda, Nonnenveld, Paleis, NB, 2005	100%	M	P	53	-	53	70	-	54	792
Breda, Ceresstraat, Hoefijzers, NB, 2011	100%	M	P	42	-	42	49	-	46	591
Breda, Lovensdijkstraat, Vredenbergh - fase 2, NB, 2011	100%	H	P	124	-	124	148	-	130	1,969
Breda, Markhoek, Marckhoek Pollux, NB, 2014	100%	H	P	23	-	23	27	-	25	401
Brummen, Buizerdstraat, De Enk, GD, 1974	100%	M	O	44	44	-	53	-	1	387
Bunnik, Esdoorn, Dalenoord VII, UT, 1989	100%	M	P	16	16	-	15	-	-	143
Bunnik, Koekoeksbloem, Dalenoord VII, UT, 1989	100%	M	P	16	-	16	12	-	-	136
Capelle a/d IJssel, Rigoletto, Louvre/Rigoletto, ZH, 1983	100%	R	S	67	-	67	51	-	-	524
Capelle a/d IJssel, Slotplein, Slotplein, ZH, 1997	100%	M	S	80	-	80	86	-	-	892
Capelle a/d IJssel, Librije, Hermitage, ZH, 1983	100%	M	S	49	49	-	48	-	-	451
Capelle a/d IJssel, Doelen, Doelen en Louvre, ZH, 1983	100%	M	S	72	72	-	71	-	-	668
Culemborg, Akelei, Voorkoop, GD, 1985	100%	M	O	30	30	-	37	-	-	302
Den Bosch, Kruiskampsingel, Meanderflat, NB, 1968	100%	R	P	118	-	118	101	-	26	1,000
Den Bosch, Natewischstede, Maaspoort, NB, 1987	100%	M	P	48	48	-	45	-	-	449
Den Bosch, Pisastraat, Pisastaete, NB, 1989	100%	M	P	62	-	62	50	-	72	580
Den Bosch, Bordeslaan, Paleiskwartier, NB, 2004	100%	H	P	12	-	12	14	-	17	203
Den Bosch, Hofvijver, Jheronimus, NB, 2014	100%	M	P	44	-	44	45	-	48	647
Den Haag, De Brink, Kraayenstein I, ZH, 1975	100%	R	P	119	7	112	92	-	102	902
Den Haag, Noorderbrink, Kraayenstein II, ZH, 1975	100%	M	P	224	224	-	270	-	-	2,720
Den Haag, Laakweg, Piazza, ZH, 1998	LH	R	P	73	-	73	69	-	58	646
Den Haag, Prins Willem Alexanderweg, La Fenêtre, ZH, 2005	LH	H	P	93	-	93	116	-	104	1,527
Den Haag, Leyweg, De Leyster, ZH, 2013	LH	M	P	49	-	49	52	-	64	547
Den Haag, Van Hogenhoucklaan, Hubertusstaete, ZH, 2010	100%	H	P	13	-	13	16	-	16	284
Den Haag, Westkapellelaan, Deltaplein, ZH, 1972	100%	M	P	96	-	96	79	-	25	850
Deventer, Bitterzoet, Colmschate, OV, 1984	100%	R	S	59	59	-	67	-	-	493
Deventer, Bitterzoet, legal separation of c569: Colmschate, OV, 1985	100%	R	S	41	41	-	47	-	-	341
Diemen, Biesbosch, Biesbosch, NH, 1978	100%	M	P	117	117	-	151	-	-	1,389
Diemen, Polderland, Diemen Zuid, NH, 1986	100%	M	P	169	169	-	183	-	-	1,784
Diemen, Hartschelp, Hartschelp, NH, 1983	100%	M	P	62	62	-	66	-	-	733
Doetinchem, Lorentzlaan, Boerhaavelaan, GD, 1973	100%	R	O	150	150	-	193	-	-	1,256
Doetinchem, Boekweidreef, De Huet, GD, 1983	100%	R	O	69	69	-	77	-	-	556
Dordrecht, Van Ravesteyn-erf, Groene Oever, ZH, 1995	100%	M	S	84	-	84	77	-	-	847
Duiven, Thuvinestraat, Eltingerhof, GD, 1975	100%	R	S	75	75	-	84	-	-	578
Eindhoven, Generaal Marshallweg, Rapenland, NB, 1984	100%	M	P	25	25	-	24	-	-	230
Eindhoven, Opwettensemolen, Opwettensemolen, NB, 1986	100%	M	P	178	-	178	133	-	112	1,623
Eindhoven, Bisschopsmolen, Woenselse Watermolen, NB, 1988	100%	M	P	202	202	-	243	-	-	2,199
Eindhoven, Venbergsemolen, Venbergsemolen, NB, 1989	100%	M	P	134	-	134	113	-	-	1,246
Eindhoven, Tongelresestraat, Picushof, NB, 2001	100%	M	P	22	22	-	27	-	-	253
Eindhoven, Smalle Haven, Vestedatoren, NB, 2006	100%	H	P	36	-	36	47	740	74	871
Eindhoven, Tesselschadelaan, Granida, NB, 2004	100%	H	P	30	-	30	39	-	48	554
Eindhoven, Cassandraplein, Cassandraplein, NB, 2008	100%	M	P	30	-	30	35	1004	32	583

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P	RENT
Eindhoven, Monseigneur Swinkelstraat, Kloosterdreef, NB, 2008	100%	M	P	36	-	36	40	-	36	458
Eindhoven, Generaal Stedmanstraat, Rapenland, NB, 1984	100%	R	P	64	-	64	47	-	2	520
Eindhoven, Opwettensemolen, legal separation of c713: Woens.Waterm. 2+3, NB, 1989	100%	M	P	18	-	18	15	-	-	158
Eindhoven, Picushof, legal separation of c1109: Picusterrein, NB, 2002	100%	M	P	36	-	36	33	-	-	409
Emmen, Klepel, Ermerstede, DR, 1990	100%	M	O	40	-	40	36	-	45	386
Emmen, Eidereend, Eendenveld, DR, 1990	100%	M	O	33	33	-	35	-	-	287
Enschede, Walkottelanden, Stroinkslanden, OV, 1982	100%	M	O	35	35	-	38	-	-	301
Enschede, Mooienhof, Mooienhof, OV, 2003	100%	M	O	87	-	87	90	875	-	889
Geldrop, Herdersveld, Grote Bos, NB, 1978	100%	M	P	95	95	-	97	-	-	891
Geleen, Schrijnwerkersdreef, Dassenkuil I, LB, 1987	100%	M	O	9	9	-	9	-	-	78
Geleen, Dassenkuillaan, Dassenkuil II, LB, 1988	100%	M	O	9	9	-	10	-	-	77
Grave, Estersveldlaan, Estersveld, NB, 1972	100%	R	O	38	38	-	46	-	26	323
Groningen, Zuiderweg, Hoogkerk, GR, 1976	100%	R	P	113	113	-	116	-	22	849
Groningen, Steenhouwerskade, Zuiderhavenring, GR, 1982	100%	M	P	53	-	53	47	-	92	591
Groningen, Steenhouwerskade, Zuiderhavenring, GR, 1983	100%	M	P	70	-	70	56	-	-	631
Groningen, Van Goghstraat, Waterrand, GR, 1994	100%	M	P	72	-	72	59	-	73	710
Groningen, Bloemersmaborg, Klein Martijn, GR, 1997	100%	M	P	28	-	28	29	-	-	315
Groningen, Reitdiephaven, Reitdiep Haven, GR, 2010	100%	M	P	47	-	47	45	-	47	551
Haarlemmermeer, Boekestraat, Jacob, Warande, NH, 1969	100%	M	P	34	34	-	39	-	16	370
Heemstede, Floradreef, Prinseneiland, NH, 1990	100%	M	P	38	38	-	43	-	-	405
Heerenveen, Barten, Nye Haske, FR, 1987	100%	M	O	69	69	-	80	-	-	608
Heerlen, Poelmanstraat, Douve Weien 1, LB, 1978	100%	M	O	79	79	-	81	-	-	706
Heerlen, Palestinastraat, Giesen-Bautsch, LB, 1980	100%	M	O	33	33	-	36	-	-	281
Heerlen, Putgraaf, Parkflat, LB, 1982	100%	R	O	93	-	93	71	-	175	867
Heerlen, Dillegaard, Douve Weien, LB, 1983	100%	R	O	66	-	66	47	-	12	452
Heerlen, Marjoleingaard, Douve Weien, LB, 1982	100%	M	O	60	60	-	65	-	-	514
Heerlen, Putgraaf, Putgraaf Residentie, LB, 1989	100%	M	O	66	-	66	59	79	75	655
Heerlen, Sint Pietershof, Klein Vaticaan, LB, 2004	100%	M	O	18	-	18	21	-	18	252
Heerlen, Vruschemigerweg, legal separation of c331: Douve Weien 1, LB, 1979	100%	M	O	82	82	-	93	-	-	772
Hengelo, Jan van Galenstraat, Gerarduspark, OV, 1995	100%	R	O	44	-	44	35	-	-	368
Hengelo, 't Swafert, 't Swafert, OV, 2000	100%	R	O	346	-	346	199	-	-	1,804
Hengelo, 't Swafert, 't Swafert, OV, 2000	100%	R	O	68	-	68	-	-	-	445
Hengelo, 't Swafert, 't Swafert, OV, 2000	100%	R	O	3	-	3	1	-	-	47
Hillegom, L. van Deysseleaan, L. van Deysseleaan, ZH, 1983	100%	M	P	36	36	-	38	-	-	359
Hillegom, J. Prinsheem, Prinsheem, ZH, 1983	100%	M	P	64	64	-	67	-	-	648
Hilversum, Loosdrechtse Bos, Resort Zonnestraal, NH, 2004	LH	H	P	42	-	42	62	-	-	1,062
Hoogezand-Sappemeer, Gerbrandyhof, Drevenborg, GR, 1991	100%	M	O	44	-	44	37	-	-	389
Huis ter Heide, Ruysdaellaan, De Horst, UT, 2003	100%	H	P	51	-	51	28	-	-	883
Huizen, Herik, Huizermaat-West, NH, 1976	100%	M	P	199	199	-	186	-	29	2,006
Kerkrade, Mijweg, Straterweg, LB, 1987	100%	M	O	28	28	-	29	-	-	239
Leeuwarden, Stizenflora, Aldlan Oost, FR, 1977	100%	R	S	160	160	-	165	-	11	1,338
Leeuwarden, Frittemastate, Groene Hart, FR, 1986	100%	R	S	134	134	-	155	-	4	1,112
Leeuwarden, Ubbemastins, Parkflat, FR, 1987	100%	R	S	62	-	62	54	-	-	505
Leeuwarden, Frittemastate, Camminghaburen, FR, 1989	100%	M	S	21	21	-	21	-	-	204
Leeuwarden, Krommezijl, Zuiderburen, FR, 2005	100%	M	S	36	-	36	44	-	36	410
Leeuwarden, De Malus, Zuiderplantage, FR, 2007	100%	M	S	31	-	31	29	-	-	306
Leiden, Parkzicht, Merenwijk, ZH, 1979	100%	R	P	97	-	97	75	-	-	774
Leiden, Stadzicht, Merenwijk, ZH, 1979	100%	R	P	81	-	81	60	-	1	621
Leiden, Molenzicht, Merenwijk, ZH, 1979	100%	R	P	36	-	36	26	-	1	278
Leiderdorp, Lokhorst, De Horsten, ZH, 1970	100%	M	P	65	-	65	63	-	19	579
Leiderdorp, Roodborststraat, Vogelwijk, ZH, 1972	100%	R	P	56	-	56	44	-	10	429
Leiderdorp, Waterleliëkreek, Voorhof, ZH, 1978	100%	M	P	84	84	-	105	-	-	941
Leiderdorp, Laan van Berendrecht, Parkpromenade Berendrecht, ZH, 2004	100%	H	P	72	-	72	102	527	-	1,315
Leiderdorp, Rozemarijntuin, Voorhof, ZH, 1978	100%	R	P	120	-	120	97	-	9	932

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P	RENT
Leidschendam, Schadeken, 't Lien, ZH, 1985	100%	M	P	127	127	-	135	-	-	1,427
Leidschendam, Neherpark, Neherpark, ZH, 2009	100%	M	P	30	-	30	33	-	35	411
Lelystad, Tjalk, Gebied 243, FL, 1981	100%	R	O	117	117	-	120	-	-	849
Lelystad, Kogge, De Kogge I, FL, 1977	100%	M	O	61	61	-	70	-	-	515
Lelystad, Kogge, De kogge II, FL, 1977	100%	R	O	60	60	-	67	-	-	500
Leusden, Hertenhoeve, Centrum, UT, 1979	100%	M	P	40	40	-	37	-	14	405
Maarsse, Proostwetering, Op Buuren blok 7, UT, 2009	100%	H	P	23	-	23	28	-	33	358
Maarsse, J. Homan van der Heideplein, Op Buuren blok 10A, UT, 2010	100%	H	P	10	-	10	11	-	12	152
Maarsse, Proostwetering, Op Buuren blok 9A (huur), UT, 2012	100%	M	P	18	-	18	18	-	18	267
Maarsse, De Hoopkade, Op Buuren blok 6, UT, 2011	100%	H	P	13	-	13	16	-	19	231
Maarsse, De Hoopkade, Op Buuren blok 3, UT, 2010	100%	H	P	18	-	18	23	-	33	344
Maarsse, J. Homan van der Heideplein, Op Buuren blok 10B, UT, 2012	100%	M	P	34	-	34	34	162	35	465
Maarsse, Proostwetering, Op Buuren blok 9A (koop), UT, 2012	100%	H	P	9	-	9	12	-	9	157
Maastricht, Via Regia, Via Regia, LB, 1977	100%	R	S	64	-	64	41	-	75	399
Maastricht, Ellecuygaard, Eylderwaard, LB, 1982	100%	M	S	18	18	-	21	-	-	173
Maastricht, Heerderweg, Heerderweg, LB, 1985	100%	R	S	202	-	202	145	-	108	1,578
Maastricht, Erasmusdomein, Randwijck, LB, 1986	100%	M	S	95	-	95	74	-	59	857
Maastricht, Akerstraat, Ceramique, LB, 1993	100%	M	S	77	-	77	75	17	68	817
Maastricht, Sphinxlunet, Cortile, LB, 1999	100%	M	S	37	-	37	39	466	-	554
Maastricht, Sphinxlunet, Cortile Parking, LB, 1999	100%	N/A	S	-	-	-	-	-	189	204
Maastricht, Avenue Ceramique, Toren van Siza, LB, 2001	100%	H	S	40	-	40	47	701	-	786
Maastricht, Plein 1992, Residence, LB, 2000	100%	M	S	29	-	29	32	-	8	402
Maastricht, Sphinxlunet, Cortile, LB, 2002	100%	M	S	66	-	66	70	-	-	858
Maastricht, Bellefroidlunet, Stoa, LB, 2002	100%	H	S	66	-	66	104	95	89	1,844
Maastricht, Boschcour, blok 22 Ceramique, LB, 2007	100%	H	S	69	-	69	87	819	103	1,270
Maastricht, Avenue Ceramique, Wiebengahal, LB, 2006	LH	N/A	S	-	-	-	-	3363	-	328
Maastricht, Prins Bisschopsingel, WML-gebouw, LB, 2009	100%	H	S	25	-	25	37	-	37	557
Maastricht, Stellalunet, Ceramique Blok 30a, LB, 2010	100%	H	S	14	-	14	16	974	25	404
Maastricht, Papenweg, St. Pieter, LB, 2008	100%	H	S	7	-	7	9	445	1	236
Maastricht, Boschcour, blok 22 Ceramique, LB, 2007	100%	H	S	5	-	5	8	-	-	89
Maastricht, Bergruimte (voorm.huism.bergr hoek Heug/ legal separation of c760: Ceramique, LB, 1994	100%	R	S	73	-	73	56	-	59	623
Maastricht, Mosalunet, legal separation of c1098: Cortile B18/20/21, LB, 2003	100%	M	S	54	-	54	56	-	-	689
Maastricht, Kasteel Caestertstraat, legal separation of c534 Nazareth, LB, 1987	100%	R	S	9	9	-	10	-	-	74
Middelburg, Touwbaan, Maisbaai Fase I, ZE, 1990	100%	M	S	53	-	53	54	-	49	532
Nieuwegein, Hermesburg, Batau Noordrand, UT, 1988	100%	M	P	56	56	-	57	-	-	559
Nieuwerkerk a/d IJssel, Bladmos, Zuidplaspolder, ZH, 1979	100%	M	S	40	40	-	43	-	-	377
Nieuw-Vennep, Haendeleplein, Getsewoud, NH, 2002	100%	M	P	76	-	76	57	-	-	667
Nijmegen, Lankforst, Lankforst, GD, 1969	100%	M	P	73	73	-	92	-	18	647
Nijmegen, Weezenhof, Weezenhof, GD, 1972	100%	M	P	84	84	-	110	-	21	831
Nijmegen, Nieuwe Marktstraat, Kronenburger, GD, 1991	100%	M	P	138	-	138	132	323	146	1,555
Nijmegen, Rode Kruislaan, Park Heyendaal, GD, 1996	100%	M	P	87	-	87	90	-	-	1,080
Nijmegen, Weezenhof 67, legal separation of c219: Weezenhof 1, GD, 1973	100%	M	P	61	61	-	65	-	22	572
Noordwijk, Fuikhoren, Fuikhoren, ZH, 1985	100%	M	P	67	67	-	73	-	-	658
Noordwijk, Schaalhoren, Schaalhoren, ZH, 1983	100%	M	P	66	66	-	68	-	-	662
Oosterhout, Verdijkstraat, Oosterheide 1, NB, 1969	100%	R	S	28	28	-	36	-	11	245
Oosterhout, Beethovenlaan, Oosterheide 2, NB, 1971	100%	M	S	22	22	-	31	-	7	204
Oss, Kerkstraat, Boschpoort, NB, 1982	100%	R	O	14	-	14	10	955	40	188
Ouder-Amstel, Clarissenhof, Clarissenhof, NH, 1977	100%	M	P	101	101	-	101	-	8	1,141
Papendrecht, Pontonniersweg, Buitenwaard, ZH, 1991	100%	M	O	62	-	62	70	-	16	730
Purmerend, Cocqgracht, De Purmer, NH, 1983	LH	R	P	79	79	-	71	-	-	642
Renkum, Graaf van Rechterenweg, Rechterenberg, GD, 1993	100%	M	S	62	-	62	57	-	39	598
Rhoon, Marskramer, Baljum, ZH, 1982	100%	M	S	67	67	-	80	-	-	654

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P	RENT
Rijswijk, Churchillaan, Churchillaan, ZH, 1969	100%	M	P	215	-	215	241	-	19	2,030
Rijswijk, Prinses Beatrixlaan, Prinses Beatrixlaan, ZH, 1975	100%	R	P	146	-	146	122	195	136	1,156
Rijswijk, Hilvoordestraat, Over de Boogaard, ZH, 1979	LH	R	P	122	-	122	63	-	-	863
Rijswijk, Prinses Beatrixlaan, Prinses Beatrixlaan, ZH, 1975	100%	R	P	63	-	63	49	107	60	494
Rijswijk, Prinses Beatrixlaan, Prinses Beatrixlaan, ZH, 1975	100%	R	P	81	-	81	61	88	87	613
Roermond, Ambachtsingel, Hoogvonderen, LB, 1981	100%	R	O	46	46	-	53	-	-	360
Roermond, Achter de Cattentoren, Casimir, LB, 2010	100%	M	O	52	-	52	58	-	63	619
Roosendaal, Pastoor van Akenstraat, Molenbeekstraat, NB, 1970	100%	M	S	29	29	-	38	-	6	254
Roosendaal, Dolomiedijk, Kortendijk Oost I, NB, 1981	100%	R	S	21	21	-	24	-	-	173
Rotterdam, Stekelbrem, Brembuurt, ZH, 1973	100%	M	P	108	108	-	140	-	22	1,327
Rotterdam, Bottelroos, Heydnahof, ZH, 1983	LH	M	P	161	161	-	175	-	-	1,735
Rotterdam, Admiraal de Ruyterweg, Linker Rottekade, ZH, 1985	LH	R	P	246	-	246	149	276	158	1,764
Rotterdam, Hamelpad, Sneevlietstraat, ZH, 1984	LH	M	P	52	52	-	50	-	-	468
Rotterdam, Cromme Meth, Cromme Meth, ZH, 1987	LH	M	P	20	20	-	20	-	-	178
Rotterdam, Ton Wijkampstraat, Zevenkamp, ZH, 1988	LH	M	P	49	49	-	53	-	-	520
Rotterdam, Den Uylsingel, Dosiotoren, ZH, 1989	LH	R	P	74	-	74	58	-	-	598
Rotterdam, Watertorenweg, Watertorenweg, ZH, 1990	LH	M	P	102	-	102	85	-	-	869
Rotterdam, Govert Terlouwstraat, Ringvaartplasbuurt, ZH, 1990	LH	M	P	53	53	-	57	-	-	576
Rotterdam, Nieuwehaven, Nieuwehaven, ZH, 1991	LH	M	P	89	-	89	79	601	40	929
Rotterdam, Buitenbassinweg, Buitenbassinweg, ZH, 1991	LH	M	P	87	-	87	72	-	-	738
Rotterdam, Govert Terlouwstraat, Ringvaartplasbuurt, ZH, 1991	LH	M	P	42	42	-	47	-	-	491
Rotterdam, Kouwenbergzoom, Clazina, Loreleiflat, ZH, 1992	LH	M	P	54	-	54	47	-	-	550
Rotterdam, Admiraliteitskade, Oostmolenwerf, ZH, 1994	LH	M	P	86	-	86	77	490	69	1,100
Rotterdam, Strevelsweg, Poort Van Zuid, ZH, 1994	LH	R	P	80	-	80	71	-	72	715
Rotterdam, Gedempte Zalmhaven, De Hoge Heren, ZH, 2000	LH	H	P	140	-	140	167	482	330	2,630
Rotterdam, Gedempte Zalmhaven, De Hoge Heren, serviced appartments, ZH, 2001	LH	H	P	70	-	70	84	-	-	1,038
Rotterdam, Wierdsmaplein / Landverhuizersplein, Montevideo, ZH, 2005	LH	H	P	61	-	61	76	-	61	1,165
Rotterdam, Ien Daleshof, Parktoren, ZH, 2009	100%	H	P	47	-	47	52	334	66	804
Rotterdam, Verlengde Nieuwstraat, Markthal, ZH, 2014	LH	M	P	102	-	102	111	-	102	1,359
Rotterdam, Maashavenkade, Parkkwartier Katendrecht, ZH, 2010	100%	M	P	27	-	27	25	-	28	325
Rotterdam, Van der Hoevenplein, New Orleans, ZH, 2010	100%	H	P	168	-	168	171	4981	194	3,982
Sassenheim, Landauer, Berline en Landauer, ZH, 1985	100%	M	P	41	41	-	43	-	-	401
Sassenheim, Caleche, Brik, ZH, 1986	100%	M	P	61	61	-	64	-	-	592
Schagen, Fazantenhof, Fazantenhof, NH, 1973	100%	M	O	58	58	-	75	-	-	561
Schiedam, Chopinplein, Groenoord, ZH, 1971	100%	R	S	136	-	136	122	-	9	1,055
Schiedam, Huis Te Merwestraat, Woudhoek, ZH, 1984	LH	M	S	184	184	-	195	-	-	1,930
Schiedam, Chopinplein, legal separation 1 of c185 Groenoord, ZH, 1971	100%	R	S	112	-	112	99	-	7	862
Schiedam, Chopinplein, legal separation 2 of c185 Groenoord, ZH, 1971	100%	R	S	125	-	125	111	35	10	973
Sittard, Blijdestein garage, Kollenbergerhof I, LB, 1986	100%	R	O	56	-	56	40	-	16	433
Sittard, Ruttenlaan, Kollenbergerhof II, LB, 1987	100%	R	O	52	-	52	38	-	78	426
Sittard, Kollenberg, Kollenbergerhof III, LB, 1988	100%	M	O	28	28	-	31	-	-	246
Stiens, St. Vitusplein, Sint Vitusplein, FR, 1999	100%	R	O	30	-	30	21	-	-	197
Susteren, Raadhuisplein, Middelveld, LB, 1983	100%	R	O	8	8	-	7	-	-	64
Tilburg, Anna Paulownahof, Anna Paulonahof, NB, 1989	100%	R	P	203	-	203	144	-	54	1,590
Tilburg, Schoolstraat, Elegance, NB, 1989	100%	R	P	174	-	174	140	-	45	1,502
Tilburg, Hillegomlaan, Reeshof, NB, 1990	100%	M	P	56	56	-	73	-	-	513
Tilburg, Buxusplaats, Holland-terrein, NB, 2007	100%	M	P	99	-	99	112	-	107	1,245
Vaals, Bloemendalstraat, Bloemendal, LB, 1998	100%	M	O	32	-	32	29	-	29	301
Valkenburg a/d Geul, Oranje Nassau, Nassauflat, LB, 1982	100%	R	O	88	-	88	59	-	87	668
Valkenburg a/d Geul, Spoorlaan, De Valk/Spoorlaan, LB, 1994	100%	M	O	26	-	26	26	-	19	257
Valkenburg a/d Geul, Cauberg, Caubergklooster, LB, 2007	100%	H	O	41	-	41	27	-	-	796
Velsen, Maanbastion, Maanbastion, NH, 1990	100%	M	S	118	-	118	86	-	41	1,078
Velsen, Sterbastion, Sterbastion, NH, 2001	100%	M	S	67	-	67	63	-	-	628
Venlo, Klingerbergsingel, Klingerberg, LB, 1984	100%	R	O	33	33	-	38	-	-	276
Venlo, Gebroeders Daelstraat, Groeneveld II, LB, 1991	100%	M	O	11	11	-	13	-	-	97

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P	RENT
Venlo, Harry Hollastraat, Groeneveld IV, LB, 1993	100%	M	O	25	25	-	30	-	-	252
Venlo, Gruttostraat, Centrum-Zuid, LB, 1995	100%	M	O	32	32	-	43	-	-	319
Venlo, Gruttostraat, Centrum-Zuid, LB, 1997	100%	R	O	26	-	26	24	-	39	216
Venlo, Morion, Centrum-Zuid, LB, 2000	100%	M	O	31	31	-	36	-	-	295
Venlo, Harry Meijerstraat, Groeneveld II, LB, 1991	100%	R	O	71	-	71	65	-	-	565
Vleuten-De Meern, Ridderhoflaan, Secr.Versteeglaan, UT, 1969	100%	M	P	127	127	-	152	-	6	1,352
Vleuten-De Meern, Molenpolder, Meiborg, UT, 2003	100%	M	P	28	-	28	43	-	42	409
Vleuten-De Meern, Molenpolder, Weideborg, UT, 2003	100%	M	P	32	-	32	33	152	31	352
Voorburg, Distelweide, Distelweide, ZH, 1974	100%	M	P	40	40	-	45	-	14	558
Voorburg, Populierendreef, Populierenlaan, ZH, 1975	100%	R	P	113	-	113	78	-	166	815
Voorburg, Kersengarde, Kersengarde, ZH, 1976	100%	M	P	118	118	-	141	-	-	1,495
Voorburg, Rodelaan, Rodelaan, ZH, 1976	100%	R	P	140	-	140	99	-	77	1,060
Voorburg, Appelgarde, Kersengarde, ZH, 1976	100%	M	P	83	83	-	98	-	-	1,057
Voorhout, Zwanebloemstraat, Bloemenschans, ZH, 1985	100%	M	P	49	49	-	56	-	-	493
Wageningen, Elstar, Park Haagsteeg, GD, 2010	100%	M	S	28	-	28	35	-	28	396
Wageningen, Morfelden-Walldorfplein, Nobelpark, GD, 2011	100%	M	S	28	-	28	30	-	28	350
Wassenaar, Van Polanenpark, Zijlwating, ZH, 1972	100%	M	P	65	65	-	91	-	21	846
Wassenaar, Van Wassenaer Obdamlaan, Zijlwating, ZH, 1992	100%	H	P	32	32	-	43	-	-	530
Weert, Ceres, Beekpoort, LB, 2009	100%	M	O	40	-	40	41	-	40	463
Wijchen, Abersland, Abersland, GD, 1987	100%	M	S	61	61	-	62	-	-	539
Wijchen, Abersland, Abersland, GD, 1988	100%	M	S	36	36	-	40	-	-	313
Woerden, Hoge Rijndijk, Heeren van Woerden, UT, 2010	100%	M	P	46	-	46	37	-	70	545
Zoetermeer, Dunantstraat, Molenwijk, ZH, 1973	100%	R	S	154	-	154	134	805	205	1,218
Zoetermeer, Zilverberg, Meerzicht, ZH, 1975	100%	M	S	53	53	-	63	-	95	582
Zoetermeer, Bunuelstrook, Buytenwegh De Leyens, ZH, 1979	100%	M	S	244	244	-	284	-	-	2,326
Zoetermeer, Gaardedreef, Seghwaert, ZH, 1978	100%	M	S	19	19	-	21	-	-	186
Zoetermeer, Heijermanshove, Buytenwegh De Leyens, ZH, 1979	100%	M	S	101	37	64	91	-	-	857
Zoetermeer, Bordeauxstraat, Frankrijklaan, ZH, 1987	100%	M	S	41	41	-	42	-	-	423
Zoetermeer, Reimsstraat, Reimsstraat, ZH, 1987	100%	M	S	108	-	108	82	-	108	1,048
Zoetermeer, Elia Kazanstrook, legal separation of c318: Buyten Leyens C, ZH, 1980	100%	R	S	48	-	48	49	172	9	424
Zoetermeer, Disneystrook, legal separation 2 of c318: Buyten Leyens C, ZH, 1979	100%	M	S	94	94	-	110	-	-	876
Zutphen, Verdistraat, Gerard Doustraat, GD, 2007	100%	M	O	34	-	34	43	-	34	485
Zwolle, Schie, AA Landen, OV, 1969	100%	M	S	126	126	-	153	-	74	1,277
Zwolle, Van Bosseware, Ittersumerlanden, OV, 1984	100%	M	S	116	116	-	138	-	-	997
Zwolle, Tak van Poortvlietware, Ittersumerlanden, OV, 1987	100%	M	S	39	39	-	40	-	5	345
Zwolle, Stadhouderslaan, Oldenelerlanden, OV, 1988	100%	M	S	76	76	-	88	-	-	699
Zwolle, Zaan, legal separation of c166: AA Landen, OV, 1970	100%	M	S	62	62	-	76	-	48	632
<b>Total</b>				<b>22,990</b>	<b>9,416</b>	<b>13,574</b>	<b>23,106</b>	<b>36,359</b>	<b>9,335</b>	<b>245,360</b>



# Annex 3: INREV, IVBN and IPD

## INREV STYLE CLASSIFICATION

INREV has an unlisted style sheet: a summary of the key features of unlisted property funds relating to yield and risk. The aim of the INREV Style Classification is to have a 'workable, robust and enduring' style classification for the non-listed real estate fund industry. The INREV Style Classification is based on three fund risk factors: an income indicator and development exposure (operational variables) and leverage. The table shows the unlisted style sheet and Vesteda's fund characteristics. Vesteda is a residential real estate investment fund with its own portfolio management, project development and property management activities. According to the INREV classification, Vesteda can be regarded as a 'core fund' from a risk perspective, with a 'loan to value' loan capital of no more than 40%.

	Vesteda Realisation 2014	Vesteda LT target	INREV target
<b>Operational Variables</b>			
Non-income producing investments as a percentage of fund gross asset value	0.2%	≤ 7.5%	≤ 15% (Core)
Return derived from income distribution	69%	≥ 60%	≥ 60%
(Re)development exposure as a percentage of fund gross asset value	0.3%	≤ 2.5%	≤ 5% (Core)
<b>Leverage</b>			
Maximum permitted loan-to-value as a percentage of fund gross asset value	34%	≤ 30%	≤ 40% (Core)

## IVBN TRANSPARENCY GUIDELINES

The Association of Institutional Property Investors in the Netherlands (IVBN) has drawn up a large number of practical recommendations for annual reporting, with the aim of considerably enhancing transparency in annual reports in the property industry. The recommendations were published in the 'Recommendations for Annual Reporting' report (Aanbevelingen voor de Jaarverslaglegging) in January 2005 and have applied since the financial year 2005 to IVBN members which are responsible for at least one specific, independent property fund with more than one investor and/or which publish an annual report on a property fund.

## APPLICATION OF IVBN GUIDELINES

Definition IVBN portfolio	Level	Definition Vesteda
Investment portfolio	Portfolio	Portfolio apartments and family houses
	Sub-portfolio	Residential properties
Pipeline portfolio	Portfolio	Development portfolio/transfer and construction phases

If it is decided to follow the IVBN recommendations and this has been stated, the annual report has to note any departures from them. Vesteda is following all the recommendations in the report and the addendum.

## IPD

### Relative performance as residential property investment

In 2014, Vesteda outperformed the IPD Netherlands 'All Residential, All Investments' benchmark, both on the direct return (+0.5%) and indirect return (+0.1%).

Vesteda compares its return with the IPD Netherlands 'All Residential' annual benchmark that expresses the average return of Dutch residential property investments over various periods. The index gives the market average of actual results of all participants (including Vesteda), allowing for sales, purchases and redevelopments in addition to the standing investments.

### Vesteda Residential Fund versus IPD residential benchmark

Percentages, IPD Netherlands 'All Residential', computed using IPD definitions. Totals may not add up because of rounding.

	Annual average					Average of past	
	2014	2013	2012	2011	2010	3 yrs	5 yrs
<b>Direct return</b>							
Vesteda Residential Fund	5.0	4.9	4.5	4.1	4.0	4.8	4.5
IPD-benchmark	4.5	4.4	4.2	4.1	4.0	4.4	4.2
<b>Outperformance</b>	<b>0.5</b>	<b>0.4</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>0.4</b>	<b>0.2</b>
<b>Indirect return</b>							
Vesteda Residential Fund	0.8	(3.8)	(5.1)	(3.4)	(2.7)	(2.7)	(2.9)
IPD-benchmark	0.6	(4.0)	(3.7)	(2.2)	(1.4)	(2.4)	(2.2)
<b>Outperformance</b>	<b>0.1</b>	<b>0.2</b>	<b>(1.4)</b>	<b>(1.2)</b>	<b>(1.3)</b>	<b>(0.3)</b>	<b>(0.7)</b>
<b>Total return</b>							
Vesteda Residential Fund	5.8	0.9	(0.8)	0.6	1.3	1.9	1.5
IPD-benchmark	5.2	0.2	0.3	1.8	2.5	1.9	1.9
<b>Outperformance</b>	<b>0.6</b>	<b>0.6</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>0.0</b>	<b>(0.4)</b>

# Annex 4: GRI Notes and References

Profile disclosure	Description	Level of reporting	Page number	Comment
<b>STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES</b>				
<b>1 Strategy and Analysis</b>				
1.1	Statement from the most senior decision-maker of the organisation.	100%	8	Introduction by the Managing Board.
1.2	Description of key impacts, risks, and opportunities.	100%	38, 48	CSR, Risk management.
<b>2 Organisational Profile</b>				
2.1	Name of the organisation.	100%	4	Profile Vesteda. Vesteda operates exclusively in the Netherlands.
2.2	Primary brands, products, and/or services.	100%	4	Profile Vesteda. Vesteda operates exclusively in the Netherlands.
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	100%	4, 42, 45	Profile Vesteda, Organisation, Legal and tax structure.
2.4	Location of organisation's headquarters.	100%		Headquarters are located at: Claude Debussylaan 15, 1082 MC Amsterdam.
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	100%	4	Profile Vesteda, Vesteda operates exclusively in the Netherlands.
2.6	Nature of ownership and legal form.	100%	45	Legal and tax structure.
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	100%	4, 12	Profile Vesteda, Market developments.
2.8	Scale of the reporting organisation.	100%	4, 42, 32	Profile Vesteda, Organisation, Key portfolio developments.
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	100%	15	Operational developments.
2.10	Awards received in the reporting period.	100%		No awards have been received.
<b>3 Report Parameters</b>				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	100%		Front page: Annual report 2014.
3.2	Date of most recent previous report (if any).	100%		Annual report 2013.
3.3	Reporting cycle (annual, biennial, etc.).	100%		Annual.
3.4	Contact point for questions.	100%	120	Colophon.
3.5	Process for defining report content.	100%	52	About this report.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	100%	4	Profile Vesteda.
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope).	100%		No limitations on scope.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	100%	52, 45	About this report, Legal and tax structure.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	100%	42, 38, 52, 112	Organisation, CSR, About this report, Performance Measures Public Area.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	100%		There were no re-statements.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	100%		There were no significant changes.
3.12	Table identifying the location of the Standard Disclosures in the report.	100%	105	GRI index.
3.13	Policy and current practice with regard to seeking external assurance for the report.	100%	54	Assurance report of the independent auditor.

Profile disclosure	Description	Level of reporting	Page number	Comment
<b>4 Governance, Commitments, and Engagement</b>				
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	100%		Report of the Supervisory Committee, Management Report.
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	100%	30, 12, 10	Report of the Supervisory Committee, Managing Board. Management Report.
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	100%	30, 12	Report of the Supervisory Committee, Management Report.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	100%	46	Works Council, Terms and Conditions Vesteda Residential Fund, Corporate governance, Integrity.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	100%	38, 42, 46	CSR, Organisation, Corporate governance.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	100%	46	Corporate governance.
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	100%	46	Corporate governance.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	100%	46, 38	Corporate governance, CSR.
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	100%	38, 48	CSR, Risk management, 'In control' statement.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	100%	46	Corporate governance.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	100%	48	Risk management.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	100%		Participant in the sustainability taskforce of the Association of Dutch Institutional Property Investors in the Netherlands (IVBN), participant in the Dutch Green Building Council (DGBC), member of the National Renovation Platform (NRP) and a Founding partner of the Green Business Club Zuidas (GBC-Z).
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	100%	103	Annex 3 INREV, IVBN, IPD.
4.14	List of stakeholder groups engaged by the organisation.	100%	38, 52	CSR, About this report.
4.15	Basis for identification and selection of stakeholders with whom to engage.	100%	38, 52	CSR, About this report.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	100%	38, 113, 52	CSR, Tenant survey, About this report.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	100%	38, 113, 52	CSR, Tenant survey, About this report.

Profile disclosure	Description	Level of reporting	Page number	Comment
<b>STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS</b>				
<b>DMA EC</b>	<b>Disclosure on Management Approach EC</b>			
Aspects	Economic Performance.		57	Vesteda Residential Fund FGR financial Statements.
	Market presence.			Vesteda has no policy on market presence.
	Indirect Economic Impacts.			Vesteda has no policy on Indirect Economic impacts.
<b>Economic</b>				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	100%	19, 57	Notes to the results, Vesteda Residential Fund FGR financial statements 2014.
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues.	100%		This is part of risk management. The financial implication is not included in this annual report.
EC3	Coverage of the organisation's defined benefit plan obligations.	100%	57	Vesteda Vesteda Residential Fund FGR financial statements 2014.
<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>			
Aspects	Materials.			Annex 5. Material usage is part of our policy for new building houses. This is an ongoing process.
	Energy.			CSR, Annex 5.
	Water.		111	Vesteda does not have targets on water usage in its CSR policy. Since 2013 Vesteda does measure the usage in the common area - Annex 5.
	Biodiversity.			Vesteda did not incorporate biodiversity in its CSR policy because it does not develop in rural areas.
	Emissions, effluents and waste.		111	Vesteda does not have targets on waste and emissions in its CSR policy. Since 2013, Vesteda measures the usage in the common area - Annex 5.
	Land Degradation, Contamination and Remediation .			Vesteda has not incorporated Land Degradation, Contamination and Remediation in its CSR policy because Vesteda did not develop new properties.
	Products and Services.		38, 111	CSR, Annex 5.
	Compliance.			Vesteda does not have incorporated compliance with environment in its CSR policy. Vesteda applies Dutch law.
	Transport.		38	CSR.
	Overall.		111	Vesteda has a CSR policy in place. The progress made is shown in Annex 5.

Profile disclosure	Description	Level of reporting	Page number	Comment
<b>Environmental</b>				
EN3	Direct energy consumption by primary energy source.	100%	38	CSR.
EN4	Indirect energy consumption by primary source.	100%	38	CSR.
CRE1	Building energy intensity.	100%	38	CSR.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	100%	38	CSR.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	100%	38	CSR.
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	100%		No land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
EN16	Total direct and indirect greenhouse gas emissions by weight.	100%	38	CSR.
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation.	50%	38	Green energy certification, CSR.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	100%		No non-monetary and monetary sanctions.
<b>DMA LA Disclosure on Management Approach LA</b>				
Aspects	Employment.		42, 46	Organisation, Corporate governance.
	Labour/management relations.		42	Organisation.
	Occupational Health and Safety.		42	Organisation.
	Training and Education.		42	Organisation.
	Diversity and equal opportunity.			Vesteda has no policy on diversity; The ratio of men/women is almost equal.
	Equal remuneration for women and men.			Vesteda makes no distinction between men and women.
<b>Social: Labor Practices and Decent Work</b>				
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	100%	42	Organisation. Vesteda does not report on region.
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	100%	42	Organisation. Vesteda does not report on region.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	100%		Vesteda provides equal statement.
LA4	Percentage of employees covered by collective bargaining agreements.	100%		No collective bargaining agreed.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	100%	42	Organisation. Dutch law is applicable.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	100%	42	Organisation.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	100%	42, 38	Organisation, CSR.
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	100%		All employees receive regular performance and career development reviews.
LA14	Ratio of basic salary of men to women by employee category.	100%		Vesteda makes no distinction between men and women.

Profile disclosure	Description	Level of reporting	Page number	Comment
<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>			
Aspects	Investment and procurement practices.			Vesteda does not have a policy regarding human rights when making investments and procurements.
	Non-discrimination.			Cases of discrimination can be reported to our integrity officer.
	Freedom of association and collective bargaining.		42	Organisation.
	Child labour.			Not applicable, Vesteda is exclusively situated in the Netherlands; Child Labour is not permitted under Dutch law.
	Prevention of forced and compulsory labour.			Not applicable, Vesteda is exclusively situated in the Netherlands where Dutch law is applicable.
	Security Practices.			Not applicable, Vesteda is exclusively situated in the Netherlands where Dutch law is applicable.
	Indigenous rights.			Not applicable, Vesteda is exclusively situated in the Netherlands where Dutch law is applicable.
	Assessment.			In 2014, Vesteda did not have any assessments.
	Remediation.			Not applicable, Vesteda is exclusively situated in the Netherlands where Dutch law is applicable.
<b>Social: Human Rights</b>				
HR4	Total number of incidents of discrimination and corrective actions taken.	100%	46	Corporate governance, Integrity. No incidents of discrimination reported.
<b>DMA SO</b>	<b>Disclosure on Management Approach SO</b>			
Aspects	Local communities.			Vesteda does not have a policy on the impact on local communities.
	Corruption.		46	Corporate governance.
	Public policy.			Vesteda does not have a policy on public policy.
	Anti-competitive behavior.			Vesteda does not have a policy on anti-competitive behaviour.
	Compliance.		46, 48	Corporate governance, Risk management.
<b>Social: Society</b>				
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	100%		No involuntary displacements.
SO2	Percentage and total number of business units analyzed for risks related to corruption.	100%	46, 48	Corporate governance, Risk management.
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	100%	46, 48	Corporate governance, Risk management.
SO4	Actions taken in response to incidents of corruption.	100%	46, 48	Corporate governance, Risk management.

Profile disclosure	Description	Level of reporting	Page number	Comment
<b>DMA PR</b>	<b>Disclosure on Management Approach PR</b>			
Aspects	Customer health and safety.			Vesteda applies Dutch law.
	Product and service labelling.		38	CSR.
	Marketing communications.			Part of the operation, and IR and Corporate Communications.
	Customer privacy.			Vesteda applies Dutch law.
	Compliance.		46, 48	Corporate governance, Risk management.
<b>Social: Product responsibility</b>				
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	100%	38	CSR.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	100%	113	Tenant survey.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	100%		No incidents.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	100%		No complaints.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	100%		There are no instances of non-compliance registered.



# Annex 5: Progress made in CSR policy

			Period	2014	2013	2012
<b>LIVING</b>						
<i>Vesteda defines the CSR category of 'living' as activities that affect society and Vesteda's communications with stakeholders. Communication with stakeholders is an essential part of achieving Vesteda's CSR policy. The accent in deploying the policy is on transparency, credibility and, especially, inspiration.</i>						
1	E	Start of active communication with tenants in 2010 with information on Vesteda's targets and at the same time encouraging tenants to use less energy and water.		continuing	continuing	continuing
2	E	Give employees sufficient information to contribute to CSR targets.		continuing	continuing	continuing
3	S	Contribute to areas where Vesteda has an involvement (engagement).		continuing	continuing	continuing
4	S	Ensure transparent and active communication of the CSR policy.		continuing	continuing	continuing
5	G	Active contribution to various CSR initiatives.		continuing	continuing	continuing
6	G	Report on GRI G4.	by 2015	new		
7	G	Score GRESB top 3 in the Netherlands and top 10 Global.	2014-2018	-		
8	G	From 2014 Green Talk to Green Star by 2015.	2014-2015	new		
<b>HOUSING</b>						
<i>We include all activities relating to customer satisfaction and making our portfolio more sustainable in the CSR category of 'housing'. The overall aim is to manage the portfolio by simultaneously balancing the highest possible quality with the smallest environmental footprint and enhancing rental and property values.</i>						
8	E	In 2015, Vesteda must have a total portfolio of buildings with on average a C energy classification. This target must be achieved without affecting yields.	2010-2015	+	+	+
9	E	Objects with an E,F or G energy label < 5% of portfolio by 2018; 8% per end 2015 (2014 9%).	2014-2018	new +		
10	E	Between 2010 and 2015, cutting electricity consumption in communal spaces in all complexes by 20% compared with 2009. This target must be achieved without affecting yields.	2010-2015	+/-	+/-	+/-
11	E	Introduce Energy Management Systems (EMS) in 2012.	2013	+	+	+/-
12	E	Expand the Energy Management Systems (EMS) for apartments to 100% in 2015.	2014-2015	new		
13	E	From 2014, all energy used in communal spaces will be bought from green sources. The interim target is 50% by the end of 2012.	2012	+	+	+/-
14	E	Aim for the following GPR ambitions when developing and acquiring projects: Energy 6.5, Environment 7.5, Health 8.0, Quality in use 8.0 and Future value 8.0. Level 6 is sufficient for building permits. All projects in the development pipeline must have been analysed by the end of 2012.		continuing	continuing	continuing
15	E	All timber used in new builds must be from sustainable sources.		continuing	continuing	continuing
16	E	Sustainability must always be a criterion in the selection of contractors.		continuing	continuing	continuing
<b>WORKING</b>						
<i>Vesteda defines the CSR category of 'working' as the social function of the organisation as a whole. Examples are the measures we take in our organisation's operations. Vesteda's operations can make a contribution to minimising the burden on the environment through its operations.</i>						
18	E	A 15% reduction in energy consumption at our offices by 2015 compared with the end of 2009.	2009-2015	+/-	+/-	+/-
19	E	All new premises close to a public transport hub with a minimum burden on the environment from the building's shell and fixtures.	2012	+	+	+
20	E	Introduce a new company car policy in 2012 based on 'green' leasing.	2012	+	+	+
21	E	Attention to 'new style' working.		continuing	continuing	continuing
22	E	Active deployment of a sustainable ICT policy.		continuing	continuing	continuing
23	E	Sustainability must always be part of the purchasing policy.		continuing	continuing	continuing
24	S	Include the CSR policy in the employees' performance cycle from 2013.	2013	-	+/-	-
25	S	Measure employee satisfaction from 2013 through a cyclical survey.	2013	-	-	-
16	G	Maintain attention to solid corporate governance.		continuing	continuing	continuing

+ = achieved +/- = partly achieved - = not achieved

6 Reporting on GRI 4 has been postponed for one year

24,25 Instead of 24 and 25, Vesteda decided to start a development program in accordance with page 41

# Annex 6: Performance Measures Public Area

## INREV sustainable performance measures

	Absolute measures						Like-for-like	
	2014	2013	2012	2011	2010	2009	2014	2009
<b>ENERGY</b>								
Total energy consumption from electricity (kWh) (GRI: EN4)	5,006,555	2,097,105	4,639,606	3,433,623	2,875,513	3,707,800	838,828	1,379,134 (39%)
Corresponding floor area (total m <sup>2</sup> of the apartments corresponding with assets)	483,415	160,804	397,517	235,512	235,512	235,512		122,609
Percentage covered in portfolio (% of properties)	21%	5%	15%	9%	9%	9%		4%
Total energy consumption from district heating and cooling (kWh) (GRI: EN4)	N/A	N/A	N/A	N/A	N/A	N/A		
Total energy consumption from fuels (kWh) (GRI: EN3)	5,824,116	6,494,404	3,800,710	3,345,595	4,446,417	4,369,518	2,369,000	2,804,999 (16%)
Corresponding floor area (total m <sup>2</sup> of the apartments corresponding with assets)	60,017	43,733	49,241	49,241	49,241	49,241		24,086
Percentage covered in portfolio (% of properties)	1%	1%	1%	1%	1%	1%		0%
Total direct and indirect (kwh)	10,830,671	8,591,509	8,440,316	6,779,218	7,321,930	8,077,318	3,207,828	4,184,133 (23%)
<b>GREENHOUSE GAS</b>								
Total direct greenhouse gas emissions by weight (Metric tonnes CO <sub>2</sub> ) (GRI: EN16)	1,032	1,151	673	593	788	774	420	497 (16%)
Total indirect greenhouse gas emissions by weight (Metric tonnes CO <sub>2</sub> ) (GRI: EN16)	2,278	954	2,111	1,562	1,308	1,687	382	628 (39%)
Total direct and indirect greenhouse gas emissions by weight (Metric tonnes CO <sub>2</sub> ) (GRI: EN16)	3,310	2,105	2,784	2,155	2,096	3,310	801	1,125 (29%)
<b>WATER</b>								
Total water withdrawal by source (GRI: EN8) (m <sup>3</sup> )	45,926	32,131	222,714	217,186	N/A	N/A	29,594	29,957 (1%)
Corresponding floor area (total m <sup>2</sup> of the apartments corresponding with assets)	150,533	192,990	621,860	583,322				105,537
Percentage covered in portfolio (% of properties)	5%	6%	26%	25%				4%
<b>WASTE</b>								
Total weight of waste by disposal route (GRI: EN22) (ton)	N/A	N/A	N/A	N/A	N/A	N/A		
percentage of waste by disposal route (GRI: EN22)	N/A	N/A	N/A	N/A	N/A	N/A		
Corresponding floor area (total m <sup>2</sup> of the apartments corresponding with assets)						1,240,507		
No assets included in disclosure						13,581		
No properties included in disclosure						195		
Percentage covered in portfolio (% of properties)						58%		

Note: measurements can only be taken from communal spaces, therefore maximum coverage amounts to 58%

Note: Vesteda did not receive all invoices when this report was drafted. This is why the coverage is low.

Note: the figures shown above for the years prior to 2014 are restated. The restated figures are the absolute measures of the properties in the portfolio on 31 December 2014.

Note: figures of waste are not available since most of the time waste is collected by the municipality.

N/A: not available

# Annex 7: Tenant survey

Rating (out of 10)	Vesteda		Benchmark	
	2014	2013	2014	2013
Total satisfaction <sup>1)</sup>	6.8	6.8	7.0	6.9
Home (H)	7.2	7.2	7.4	7.2
Surroundings (S)	7.3	7.1	7.4	7.2
Service (S) <sup>2)</sup>	6.2	6.3	6.7	6.5
Average HSS	6.9	6.9	N/A	N/A

## TENANTS

The total tenant satisfaction rating (average HSS) for renting a home from Vesteda came in at 6.9 in 2014, which was unchanged the rate the previous year. There was a slight fall in service satisfaction to 6.2 in 2014, from 6.3 in 2013. Tenants' perceptions of local surroundings were rated at 7.3, an increase of 0.2 on the 2013 result, and homes were rated 7.2, in line with 2013. Vesteda's total tenant satisfaction rate from current tenants is on average 0.2 lower in comparison with the 2014 benchmark.

The home-related improvement points that were cited most frequently by current tenants were maintenance and renovation, and the quality and fittings in bathrooms. Kitchen improvement was cited less often, as was insulation. Ventilation and climate control are more frequently cited in this context.

With respect to service levels provided by property managers, tenants most frequently cited points related to communications with the property manager and maintenance. Tenants expressed dissatisfaction with services and maintenance levels and were critical of the attainability and speed of responses.

In 2014, Vesteda devoted extra attention to improving service levels in the longer term by designing and constructing a client-friendly tenant's portal. Vesteda expects to benefit from this increase in focus on digital client servicing in 2015.

## NEW TENANTS

New tenants gave their newly-occupied homes an average rating of 7.8, compared to 7.6 in the previous year. The maintenance of the homes was given a rating of 7.0, up slightly from the 6.9 recorded in 2013. Tenants gave the look and feel of the homes a rating of 7.6, unchanged from last year. Tenants rated accessibility and the safety of the public areas 7.7 in 2014, up from 7.6 in 2013. New tenants rated the immediate surroundings 7.8 in 2014, again unchanged from the previous year.

In 2014, 61% of new tenants with previous homes were from the same municipality, compared with 52% in the previous year. The biggest climber in terms of reasons for relocating cited by new tenants was a change in family size. This reason was given by 22% of new tenants in 2014, up from 13% of new tenants in 2013. The number of new tenants citing the sale of a home as the reason for relocating came in at 19% in 2014, compared to 10% in 2013. The fall in the number of homes viewed before tenants accepted a new home continued in 2014 and came in at 2.7 viewings, compared with 3.4 viewings in 2013 and 7.6 in 2012. The location of the home was seen as the deciding factor in the choice of a home by 65% of new tenants in 2014, up from 61% in 2013.

New tenants gave the intake procedure a rating of 7.5 and rated the transfer of the home 7.6. These were both slightly higher than the respective ratings of 7.3 and 7.4 for these items in 2013. Vesteda saw a rise in the number of new tenants over 55 years of age, as they accounted for 32% of new tenants in 2014, up from 26% in 2013.

1 Total satisfaction rating for renting a home from residential investment manager

2 Since the second survey in 2012, the questions for Service have been adjusted

## FORMER TENANTS

In 2014, 70% of departing tenants stated that they were fully satisfied living in a Vesteda home, up from 64% in 2013. The main reasons departing tenants gave for relocation were accommodation costs and the purchase of a home. Over half of the departing tenants purchased a home (51% in 2014, compared with 40% in 2013).

Other reasons tenants gave for buying a home included high rents, the opportunity for a good investment and the pleasant surroundings of the new home. Former tenants moved frequently to an apartment (32%) or townhouse (21%). Third most popular type of new home was the semi-detached house (11%). Departing tenants rated overall service related to the lease termination 6.5. In 2014, there was a sharp fall in the number of departing tenants over 55 years of age leaving Vesteda homes, as they accounted for 36% of departing tenants in 2014, down from 45% in 2013.

## RESEARCH ACCOUNTABILITY

This year, the Vesteda tenant survey consisted of approximately 2,500 sittings tenants, 225 former tenants, 340 new tenants and 60 former-leads. The response rates were 19%, 10%, 14% and 4% respectively.

Vesteda would like to express its gratitude to all its tenants for their valuable cooperation in this survey in 2014. The results of the survey provide Vesteda with valuable input for continued improvements. The potential improvements identified will be made in various processes (feedback, follow-up on repair requests, improvements in know-how and client-friendliness, etc.). In 2015, Vesteda will be measuring whether these actions have had the desired effect (higher scores).

# Annex 8: External appraisers

## APPRAISAL PROCESS OF INVESTMENT PROPERTIES

The purpose of the appraisal is to gain an accurate and independent valuation of the assets at the end of each quarter. The valuation of the residential properties in the investment portfolio meets the relevant legislation and regulations (AIFM Directive, IFRS and Dutch legislation and regulations).

The appraisal is conducted in accordance with the prevailing recommendations for appraisals and appraisal reports of the Appraisers and Accountants Platform, PTA, the prevailing valuation guidelines and valuation models as laid down by the Dutch property index, IPD, and the RICS Appraisal and Valuation Standards, or the Red Book (including the International Valuation Standards, IVS). The valuations of the residential properties are conducted using the Dream/TMS valuation system.

The basis of the appraisal is the fair value calculated using the Discounted Cash Flow method. The appraiser assesses two potential future scenarios for each asset and records the highest value as the value of the asset. The first scenario assumes a continuation of letting for the next 10 years, followed by the sale of the entire asset to a third party. The second scenario also assumes a continuation of letting for the next 10 years, but factors in the sales of potential vacant homes to tenants or homeowners (unit sales); after 10 years, the remainder of the homes in the asset are sold to a third party. The appraisals are corrected for the fact that buyers pay transfer taxes and other costs to acquire a property. The appraisers also take into account capital expenditures on the assets to calculate cash flow. Capital expenditures are reported to the appraiser and used as a basis to determine normalised cash flows. The appraisers valuation of the assets take into account the specific property, comparable properties, market transactions and standard references.

In 2014, the valuations of the properties in the portfolio were conducted by: CBRE Valuation Advisory, Dynamis Taxaties, MVGM Vastgoedtaxaties and Troostwijk Taxaties. Valuations are conducted by the qualified appraisers of these agencies. The appraisers are registered in at least one independent and professional body which guarantees the initial qualification of the appraiser and his/her continuous training, e.g. RICS. Vesteda regularly changes the appraisers it uses to guarantee their independence. Starting in January 2015, Colliers International Consultants will start as an appraiser for Vesteda, while Troostwijk Taxaties will not be acting as appraiser from January 2015.

For the purpose of the valuations, Vesteda divides the portfolio properties into four equal sub-portfolios, each with its own appraiser. Once a property has been valued by the same appraiser for three years, it is assigned a different appraiser, to guarantee the objectivity of the appraisal. The appraisers value the properties which Vesteda assigns them at least once a year. For this valuation, the appraiser visits the property in question and incorporates, substantiates and records all the factors relevant to the value of the property in the appraisal. In the remaining quarters, the valuation is an update of the previously conducted (full) appraisal. For this update, the appraiser does not need to visit the property and will update data and references and adjust the value on the basis of market developments relevant to the property.

# Annex 9: Definitions

## Acquisitions and development pipeline

All properties in which Vesteda has decided to invest but which are still under construction and/or not yet transferred to the investment portfolio.

## BREEAM

Building Research Establishment Environmental Assessment Method is a way to calculate a building's sustainability performance. BREEAM sets a standard for a sustainable building and then indicates the level of performance of the building assessed. The aim is to subject buildings to an assessment and obtain a sustainability label (i.e. pass, good, very good, excellent and outstanding).

## CSR

Corporate Social Responsibility.

## DGBC

The Dutch Green Building Council (DGBC) was founded in 2008 in the Netherlands as a market initiative. The aim is to make sustainability in the building industry measurable by developing a sustainability label allowing for the uniform rating of buildings throughout the Netherlands.

## Direct yield (IPD)

Yield from letting (net rental) of a property divided by the average capital outstanding during a year. EPRA European Public Real Estate Association.

## EPRA & INREV sustainable guidelines

The INREV Sustainability Reporting Recommendations are designed to set out the relevant sustainability information that INREV believes should be included in non-listed funds' annual reports to investors. In addition, the information is presented in a format suitable for public disclosure if fund managers desire to make it available more widely. They rely heavily on and closely track the sustainability reporting best practice recommendations released by EPRA in 2011 and also align with the Green Property Alliance, a UK focused real estate industry initiative.

## ESG

Environmental, Social and Corporate Governance.

## Fund Management

The part of the organisation responsible for the processes focused on the investors and the providers of loan capital. In addition, Fund Management handles risk management and compliance, the control function and the financial administration.

## Financial vacancy rate

Loss of rent in percentage of theoretical gross rent.

## GPR building scan

Green performance of Real estate.

## GRESB

The Global Real Estate Sustainability Benchmark (GRESB) is an industry-driven organisation committed to assessing the sustainability performance of real estate portfolios (public, private and direct) around the globe. The dynamic benchmark is used by institutional investors to engage with their investments with the aim to improve the sustainability performance of their investment portfolio, and the global property sector at large.

**GRI CRESS 3.1**

The Global Reporting Initiative (GRI) with the Construction & Real Estate Sector Supplement (CRESS). The Global Reporting Initiative (GRI) drives sustainability reporting by all organisations. GRI produces a comprehensive Sustainability Reporting Framework that is widely used around the world, to enable greater organisational transparency. The Framework, including the Reporting Guidelines, sets out the Principles and Indicators organisations can use to measure and report their economic, environmental, and social performance.

**Gross initial yield**

Theoretical gross rent (on a given reference date) from a complex divided by the total investment in that complex.

**Higher rental sector**

Sector of the residential property market for rental properties with a net monthly rent of over €1,200, excluding service charges.

**INREV**

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. They are Europe's leading platform for the sharing of knowledge on the non-listed real estate industry. Their goal is to improve transparency, professionalism and best practices across the sector, making the asset class more accessible and attractive to investors.

**Investor (or Participant)**

Holder of a direct interest in Vesteda Residential Fund.

**IVBN**

The Association of Institutional Property Investors in the Netherlands (IVBN) was established in 1995 to promote the interests of its members, to provide a platform for institutional property investors and to further professionalism in the sector. To this end IVBN focuses on direct and indirect investment in property, concentrating on the actual bricks and mortar.

**Investment portfolio**

All fully-completed and let properties owned by Vesteda entities.

**Leverage**

Loan capital/total assets.

**Loan capital**

Loan capital drawn by Vesteda to fund its activities.

**Management expenses**

Any expenses that can not be allocated directly to the various properties are regarded as management expenses.

**Mid-rental sector**

Sector of the residential property market for rental properties with a net monthly rent from the non-regulated level to €1,200, excluding service costs.

**Net initial yield**

Net letting result in the first year (for a full year) divided by the total investment.

**Non-regulated sector or liberalised segment**

Residential properties with rents above the deregulation limit (€699.48 in 2014 and €710.68 in 2015). These properties are in the mid and higher rental sectors.

**Occupancy rate**

The number of residential properties actually generating rental income as a percentage of the number of properties that could generate rental income.

**Participant (or Investor)**

Holder of a direct interest in Vesteda Residential Fund.

**Portfolio Management**

The part of the organisation responsible for drawing up the portfolio strategy in line with the risk-yield profile of the fund and for translating the portfolio strategy to property level and optimising the portfolio yield.

**Property Management**

Local commercial, administrative and technical management of properties and the related central back-office, customer contact centre and sales support.

**Real growth in value**

The growth in value after inflation.

**SWK**

Waarborgfonds Koopwoningen.

**Total portfolio**

The development portfolio and the investment portfolio.

**Vacant value ratio**

The price that property investors are willing to pay for clusters of let residential properties, in relation to the individual market prices of those properties when vacant.

**Vesteda Residential Fund**

The Vesteda mutual fund.

**Vesteda Investment Management B.V.**

See the section on the legal structure on page 45.

**Vesteda Project Development B.V.**

See the section on the legal structure on page 45.

**Vesteda Finance B.V.**

See the section on the legal structure on page 45.





# Colophon

## Photography

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Corné Bastiaansen Photography, Hilversum  
Luuk Kramer Fotografie, Amsterdam  
De Beeldenfabriek Communicatie, Rotterdam  
Hans van Heeswijk architecten, Amsterdam  
Marco van Middelkoop / Aerophoto-Schiphol

## Design

Cascade - visuele communicatie, Amsterdam

## Copyright

The information in this annual report  
may be used quoting 'Vesteda, Annual  
Report 2014' as the source

## Publisher

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