

Vesteda Annual Report 2012



Vesteda

Annual report

2012

Vesteda Groep bv and Vesteda Groep II bv merged in February 2012 and are continuing under the name of Vesteda Investment Management bv. At the same time, Vesteda Project bv was renamed Vesteda Project Development bv. For more information see the 'Legal Structure' section on page 66.

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 66. 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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Summary

Vesteda profile

- ‘Core’ investment in the Dutch Residential market, offering stable cash returns and a hedge against inflation
- Excellent long-term track record in fund management (triple A-funding, broad investor base), asset management (outperforming IPD direct yield benchmark) and property management (high and stable customer satisfaction score)
- Legal and tax structure, investment terms and conditions, corporate governance and risk management organisation fully aligned with investors’ preferences
- Experienced investment management at a very competitive cost level

VESTEDA PROFILE – CLEAR PROPOSITION AND LIMITED RISK

core	Vesteda's profile is that of a 'core' investment fund (INREV classification);
residential sector	Investment is only in residential and housing-related properties;
the Netherlands	All properties are situated in the Netherlands. The focus is on specific areas within economically stronger regions such as the Randstad and Noord-Brabant;
focus on the mid-segment	Vesteda focuses on the mid-segment of the rental sector, where monthly rents are between the non-regulated level and € 1,200;
broadly diversified portfolio	The Dutch housing market has insufficient high-quality rental properties at good locations, especially in the mid-segment of the rental sector. Vesteda provides comfortable, carefree housing and has a broadly diversified portfolio of apartments and houses;
loan capital	Loan capital is used conservatively to optimise yield without raising the risk profile;
entrepreneurial nature	As a business, Vesteda achieves the maximum value for its investors by opting for a specific combination of target groups, locations and price segments at portfolio level and maintaining a constant balance between long-term operations and disposals;
stable annual distributions	Vesteda's aim is to distribute the annual realised result ¹ ;
benchmark	Vesteda participates in the IPD Netherlands 'All Residential' benchmark that expresses the average yield of all participating Dutch residential property investments over various periods. Vesteda's target is to outperform the three-year IPD/ROZ benchmark each year. See Annex 2 on page 124 for the IPD/ROZ benchmark;
good inflation hedge	Vesteda Residential Fund offers a good hedge against inflation: basic rents and the values of residential properties are linked to inflation over the long-term;
limited risk	Vesteda has a limited risk profile by being of a size that reduces those risks within the portfolio, achieving a good spread across the market with the emphasis on economically robust regions and, within those regions, focusing on growing segments in the market;
liquidity	Vesteda is enhancing liquidity for its investors by bringing together a broad group of institutional investors with a long-term investment horizon and having an active investor relations policy;
management	Vesteda has a dedicated management organisation that operates on industry best practices and has expertise in residential property investments and capital markets. Fund management expenses are very competitive;
sustainability	Vesteda offers sustainable housing and operates in a socially responsible manner for which specific targets have been set;
governance	Governance is in accordance with the best-practice guidelines, with the emphasis on transparency and involvement;
transparent accounting and reporting	Vesteda follows the transparency guidelines of the Association of Institutional Property Investors in the Netherlands (IVBN) and the INREV ² reporting guidelines, see Annex 2 on page 124. It also reports in accordance with the recommendations of the Global Reporting Initiative at level B (GRI CRESS), see the Corporate Social Responsibility section on page 48 and Annex 3 on page 126.

¹ Excluding the result on disposals

² European Association for Investors in Non-Listed Real Estate Vehicles. The organisation plays a role in promoting transparency in the growing market for unlisted property investment vehicles in Europe. www.INREV.org.

Key figures

OPERATIONS¹

	2012	2011	2011	2010	2009	2008	2007	2006	2005	2004	2003
	IFRS	IFRS	DG	DG	DG	DG	DG	DG	DG	DG	DG

Balance sheet > page 79

year-end, amounts in € mln

total assets	4,158	4,497	4,513	4,707	4,932	5,107	5,077	4,630	4,356	4,323	4,288
equity	2,423	2,670	2,671	2,793	2,941	3,264	3,288	3,169	2,956	2,902	2,877
loan capital	1,523	1,649	1,649	1,695	1,758	1,725	1,650	1,300	1,300	1,300	1,237
leverage (%)	37	37	37	36	36	34	32	28	30	30	29

Portfolio value > page 30

year-end, amounts in € mln

development portfolio	12	24	76	163	254	279	135	176	196	256	218
letting portfolio	3,970	4,265	4,248	4,402	4,484	4,699	4,799	4,306	4,034	3,850	3,866
total portfolio	3,982	4,289	4,324	4,565	4,738	4,978	4,934	4,482	4,230	4,106	4,084

Units > page 31

year-end, let

number of residential properties	25,100	25,828	25,828	26,732	27,243	27,624	28,334	27,990	29,276	31,122	33,474
number of commercial m ²	50,491	55,410	55,410	57,515	51,663	43,179	39,789	41,725	36,098	40,791	36,960
number of parking/garage spaces	10,217	10,427	10,427	10,177	9,699	9,457	8,984	8,185	7,203	7,146	6,928

Occupancy rate > page 35

year-end

letting portfolio (%)	95.6	95.7	95.7	95.2	95.3	97.1	97.2	96.8	96.4	97.4	98.4
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Net rental income > page 35

amounts in € mln

letting portfolio, at start of year	4,265	4,402	4,402	4,484	4,699	4,799	4,306	4,034	3,850	3,838	3,899
net rental income	177	173	173	175	180	176	168	159	162	173	178
net rental income (%)	4.2	3.9	3.9	3.9	3.8	3.6	3.8	3.9	4.2	4.5	4.6

Customer satisfaction > page 133

rating (out of 10)

letting portfolio	7.0	7.0	7.0	6.9	7.0	7.0	7.1	7.1	7.0	7.1	7.2
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Operating result > page 27

amounts in € mln

realised result from letting	98	88	89	110	109	110	137	147	192	199	195
realised result from project development	-1	-4	-13	-27	-	-3	-4	2	-4	-2	1
unrealised results	-234	-138	-123	-177	-372	-119	178	285	206	138	137
total operating result	-137	-49	-47	-94	-263	-12	311	434	394	335	333

Operating yield > page 27

as % of opening equity

realised yield from letting	3.6	3.1	3.2	3.7	3.4	3.3	4.3	4.9	6.6	6.8	6.9
realised yield from project development	-	-0.1	-0.5	-0.9	-	-0.1	-0.1	0.1	-0.1	0.1	-
unrealised yield	-8.7	-4.9	-4.4	-6.0	-11.4	-3.6	5.6	9.7	7.1	4.8	4.8
total operating yield	-5.1	-1.9	-1.7	-3.2	-8.0	-0.4	9.8	14.7	13.6	11.7	11.7

Employees > page 53

year-end

FTE	253	305	305	332	346	337	318	322	298	286	267
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¹ In 2012, Vesteda changed its reporting from Generally Accepted Accounting Principles in the Netherlands to International Financial Reporting Standards (IFRS). For periods up to and including the year ended 31 December 2011, Vesteda prepared its financial statements in accordance with the accounting principles selected by management. These accounting principles are in line with Dutch Generally Accepted Accounting Principles. In this annual report the previous applied principles, will be referred to as Dutch GAAP (DG).

² Excluding other income

RESULT, YIELD AND DISTRIBUTION²

	2012	2011	2011	2010	2009	2008	2007	2006	2005	2004	2003
	IFRS	IFRS	DG	DG	DG	DG	DG	DG	DG	DG	DG
Result > page 27											
amounts in € mln											
total operating result	-137	-49	-47	-94	-263	-12	311	434	394	335	333
revaluation of derivatives	-30	11	11	21	-35	-92	18	11	-	-	-
total result	-167	-38	-36	-73	-298	-104	329	445	394	335	333

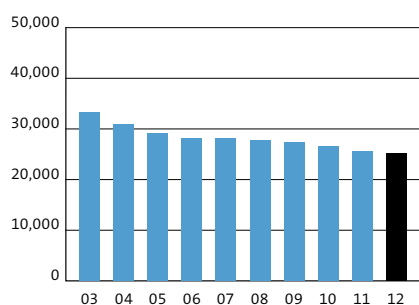
	2012	2011	2011	2010	2009	2008	2007	2006	2005	2004	2003
	IFRS	IFRS	DG	DG	DG	DG	DG	DG	DG	DG	DG
Yield > page 27											
as % of opening equity											
total operating yield	-5.1	-1.9	-1.7	-3.2	-8.0	-0.4	9.8	14.7	13.6	11.7	11.7
revaluation of derivatives	-1.1	0.4	0.4	0.7	-1.1	-2.7	0.6	0.3	-	-	-
total yield	-6.2	-1.5	-1.3	-2.5	-9.1	-3.1	10.4	15.0	13.6	11.7	11.7

	2012	2011	2011	2010	2009	2008	2007	2006	2005	2004	2003
	IFRS	IFRS	DG	DG	DG	DG	DG	DG	DG	DG	DG
Distribution to investors > page 27											
amounts in € mln											
opening equity	2,670	2,799	2,793	2,941	3,264	3,368	3,169	2,956	2,902	2,877	2,861
distribution to investors	94	100	100	109	109	121	210	232	340	310	315
distribution to investors (%)	3.5	3.6	3.6	3.7	3.3	3.6	6.6	7.8	11.7	10.8	11.0

	2012	2011	2011	2010	2009	2008	2007	2006	2005	2004	2003
	IFRS	IFRS	DG	DG	DG	DG	DG	DG	DG	DG	DG
Distribution to investors > page 27											
amounts in € per participation											
opening equity	104.15	109.29	109.06	114.87	127.49	131.52	126.74	118.23	116.08	115.08	114.43
distribution to investors	3.67	3.90	3.90	4.26	4.26	4.72	8.40	9.28	13.60	12.40	12.60
distribution to investors (%)	3.5	3.6	3.6	3.7	3.3	3.6	6.6	7.8	11.7	10.8	11.0

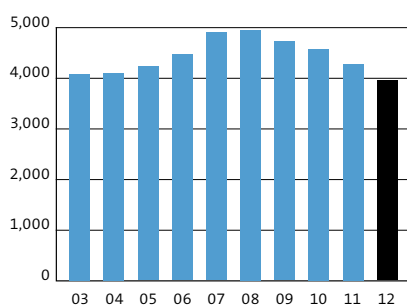
Number of residential properties

Letting portfolio, year-end



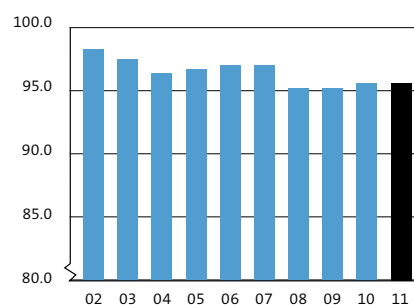
Total portfolio value

mln at year-end



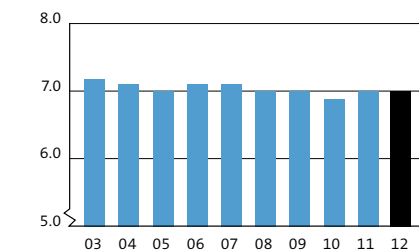
Occupancy rate

% of letting portfolio, year-end



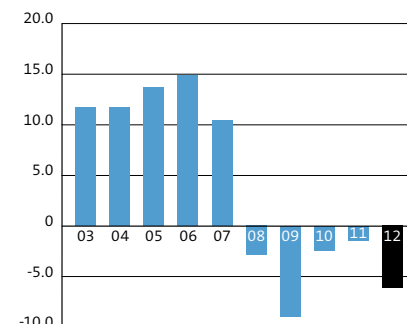
Customer satisfaction

rating (out of 10)



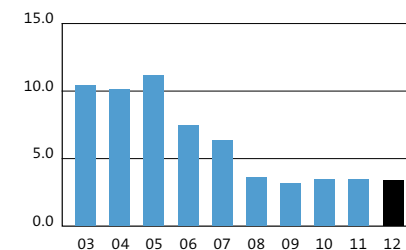
Yield

% of opening equity



Distribution to investors

% of opening equity



Performance indicators

PERFORMANCE IN 2012

Performance indicator	Target 2012	Actual 2012
Investment		
Gross revenue per property	increase	4.5%
Property operating expenses	under 27.5%	27.6%
Management expenses (basis points)	under 37 bps	33 bps ¹
Net rental income	4.2% or more	4.2%
Net rental income per property	increase	8.9%
IPD-Neth. 'All Residentials'	above benchmark	direct yield +0.2%; indirect yield -1.3%
Letting portfolio energy classification	C/D	C
Management/letting		
Occupancy rate	96.0% or higher	95.6%
Rent rise (nominal)	at least 2.3%	2.4 %
Customer satisfaction	7.0 or higher	7.0
Disposals		
Total disposal volume	approx. € 250 mln	€ 153 mln
of which result on disposals	approx. € 15 mln	€ 3 mln
Equity creation		
Realised yield	approx. 4%	3.6%
Distribution to investors	realised yield ²	realised yield ²

¹ Including the partial release of the reorganisation provision

² Excluding the result on disposals

PERFORMANCE IN 2012

4.5% increase in gross rental income	Gross rental income per property increased because of rent increases (annual rise, increases due to reletting, and the relative shift in the portfolio towards a higher segment).
occupancy rate stable compared to 2011	Vacancies were actively managed. The number of properties kept vacant for sales was reduced. Overall, the occupancy rate for the letting portfolio remained stable compared to 2011.
lower property operating expenses	Focus on efficient property management expenses, letting and marketing expenses and lower non-recoverable service charges led to a fall in property operating expenses, which amounted to 27.6% of gross rental income.
higher net rental income	As a result of higher gross rental income per property, high occupancy rates and lower property operating expenses, net rental income grew from 3.9% to 4.2%.
management expenses below 37 bps target	Management expenses were reduced substantially. The reorganisation in 2012 brought capacity in line with corporate activity. The management expenses allocated to the fund in 2012 amounted to 33 basis points (bps) of the portfolio value at the start of the year. Excluding the release of part of the restructuring provision, management expenses amounted to 35 bps.
net rental income per property up 8.9%	Net rental income per property increased by 8.9% as a result of higher rental incomes, low vacancies and reduced expense levels.
active rejuvenation strategy	Vesteda pursues an active rejuvenation strategy in order to optimise and rejuvenate its portfolio. The inflow to the letting portfolio was 142 units, representing a total value of € 42 mln. The outflow was € 138 mln and was achieved through individual sales and sales of residential complexes.
870 homes sold	Vesteda succeeded in selling 315 homes on an individual basis and 555 through the sale of residential complexes. Results on disposals reduced mainly as a result of a fall in the volume of individual sales.
realised yield	Operational excellence is a key driver of yield improvement. Realised yield improved significantly in 2012, getting close to the target of 4%.
sustainability	Vesteda aims for continuous improvement of the sustainability of its portfolio. Vesteda has already achieved its goal of an average energy classification of C in 2012.
benchmark	Based on the quarterly indices for 2012, Vesteda's direct yield was 0.2% above the benchmark and the indirect yield was 1.3% below the benchmark, see Annex 2 on page 125.
stable customer satisfaction score	Operational excellence in portfolio management was maintained: the customer satisfaction rating was 7, equal to the figure for 2011. This was a strong performance in a year as challenging as 2012.



Report of the Supervisory Committee

Members of the Supervisory Committee

SUPERVISORY COMMITTEE

The Supervisory Committee has five members



C.A.M. (Kees) de Boo (68), chairman.

Dutch nationality. Former Chairman of the Managing Board of NS Vastgoed. Areas of expertise: management, finance (including property investment), project development, property letting.

Ancillary positions: member of the Supervisory Committee of Forward Business Parks, board member of the Central Fund for Social Housing, board member of the Stichting ROZ, member of the advisory board of HD Projectrealisatie Rotterdam, chairman of the Supervisory Committee of the Friends of the Netherlands Architecture Institute, member of the board of Artis (Amsterdam Zoo).

Reappointed July 2011, second term of Office ends in July 2015



J.A. (John) de Die (52).

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

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

Ancillary positions: member of the Supervisory Committee of Diamond Tools Group, board member of VUmc Kinderstad, member of the Advisory Board of Holland Integrity Group.

Appointed April 2011, first term of Office ends in April 2015



C.M. (Charlotte) Insinger (47).

Dutch nationality. Chairman of the Nomination and Remuneration Committee. Independent management adviser. Areas of expertise: management, finance, tax.

Ancillary positions: partner in Nieuwe Commissaris Consult, member of the Supervisory Committee of SNS Reaal NV, member of the Supervisory Committee of Stichting Koninklijke Diergaarde Blijdorp (Blijdorp Zoo), member of the board of Dopingautoriteit (the Anti-Doping Authority of the Netherlands), member of the Supervisory Committee of Air Traffic Control Netherlands and member of the Supervisory Committee of Rijnland Zorggroep.

Appointed January 2010, first term of Office ends in January 2014



P.J.W.G. (Peter) Kok (58).

Dutch nationality. Member of the Audit Committee. Former interim CFO 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, Dunea, Optimix Investment Funds NV, Triodos Groenfond, Triodos Vastgoedfond and Q-Park. Member of the board of Stichting Toetsing Verzekeraars and member of the board of Stichting Bewindvoering Bewoners 's Heeren Loo West Nederland.

Appointed July 2011, first term of Office ends in July 2015



J. (Hans) Pars (50).

Dutch nationality. Member of the Nomination and Remuneration Committee. Former CEO of Wereldhave NV and Chief Investment Officer of VastNed Groep NV.

Areas of expertise: management, property investments, property management.

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

Presentation of the Annual Report and Financial Statements

To the General Meeting of Participants of Vesteda Residential Fund

We hereby present the 2012 annual report and financial statements as drawn up by the Managing Board and discussed by the Supervisory Committee, for adoption by the General Meeting of Participants. Pursuant to the Fund Terms and Conditions, adoption also serves to ratify the actions of the manager and custodians in respect of their management and custody and those of the Supervisory Committee in respect of its supervision in the past year.

unqualified independent auditors' reports

During our meeting on 11 March 2013, we discussed the 2012 financial statements as drawn up by the Managing Board of Vesteda. The 2012 financial statements are the first that have been prepared using International Financial Reporting Standards (IFRS). They have been audited by and discussed with the independent auditors Ernst & Young Accountants LLP, who issued an unqualified independent auditors' report on the financial statements, as included on page 112 of this report.

Supervisory Committee, committees and the start of the new structure

During 2012, in addition to its normal supervisory activities, the Supervisory Committee focused on the implementation of the advisory function of the Audit and Nomination and Remuneration Committees, the changes to the financing structure, the consequences of the relocation and the reorganisation. Regulations were re-approved for both committees covering the subjects to be submitted and the way they perform their duties vis-a-vis the Supervisory Committee.

The Supervisory Committee and the Managing Board organised an introductory meeting in May 2012 at which three external speakers presented their vision on the rental market, on Vesteda as an organisation and its future. During the meeting, the Supervisory Committee, Managing Board and management held informal talks and discussed Vesteda's strategy, considering the view of participants as a group and of other stakeholders.

The main subjects discussed during the meetings with the Supervisory Committee were strategy, the fund proposition in relation to the residential care concept, expanding the financing opportunities and the associated change in the legal structure, reduction of the project pipeline, valuation of the property portfolio, sales of residential complexes and the 2013 budget. There were also discussions of the transition from Dutch GAAP to IFRS and the start of the Alternative Investment Fund Managers Directive licensing process.

meetings and committees

The Supervisory Committee and the Managing Board met on six occasions during the year. The Supervisory Committee also held meetings at which the Managing Board was not present, including a meeting where its own performance was discussed.

The Audit Committee met on four occasions. To be able to advise the Supervisory Committee it discussed the auditors' management letter, the report of the Managing Board, the independent auditors' report, the 2011 financial statements, the refinancing, the Treasury Statute and the transition to IFRS. The CFO attended meetings of the Audit Committee on behalf of the Managing Board. Various members of staff also attended meetings depending on the subject being discussed. A recurring item in every meeting was discussion of a part of the 'in-control'-cycle with the risk owner. As usual, it also discussed the quarterly results, the valuation of the property portfolio and the 2013 budget. A separate topic of discussion was the on learning experiences from the completion on three complexes. The Audit Committee had one meeting with the auditors in the absence of the Managing Board.

The Nomination and Remuneration Committee held four meetings in 2012 attended by the CEO. It adopted the Managing Board regulations (the remuneration regulations). The three-yearly labour market reference survey was undertaken on the instructions of the committee in order to provide information with regard to the market conformity of remuneration of both the Managing Board and senior management. It also discussed the remuneration policy in general, the nomination of a new member of the Supervisory Committee and the details of self-education for the Supervisory Committee. This year, for the second time, the Supervisory Committee's self-evaluation was addressed by the committee, using written input from the members of the Supervisory Committee and the Managing Board. The results were discussed in a recent meeting of the Supervisory Committee. A self-evaluation will be undertaken externally in 2013.

consultations with the
Works Council

The chairman of the Nomination and Remuneration Committee and the chairman of the Supervisory Committee participated in a consultative meeting with the Works Council.

meetings with investors

The Supervisory Committee and the Managing Board held three meetings with investors: a spring meeting to adopt the annual report and financial statements, a subsequent meeting focused on the fund proposition and an autumn meeting again to consider the fund proposition, financing structure and to agree the business plan for the following year.

Mr de Boo new chairman

Changes in the Supervisory Committee

Mr de Boo was appointed chairman of the Supervisory Committee on 1 January 2012.

appointment of Mr Pars as a
supervisory director

In March 2012, the investors appointed Mr J. Pars as a member of the Supervisory Committee.

To conclude

The Supervisory Committee is well aware that 2012 was a challenging and far from simple year and so it would like to express its appreciation for the great efforts and commitment of the employees, the Works Council and the Managing Board.

Amsterdam, 11 March 2013

Supervisory Committee Vesteda

C.A.M. de Boo, chairman

J.A. de Die

C.M. Insinger

P.J.W.G. Kok

J. Pars

Strategy and targets

Strategic objectives and long-term targets

VISION

vision on the housing market

Qualitative and quantitative developments in demand and supply offer the rental market good prospects for the next few years. Vesteda sees opportunities in the mid-range rental sector (housing in the monthly rental range from the non-regulated limit to € 1,200) and in the residential care segment. The higher-rental sector of the rental market (over € 1,200) will see very limited growth in the next few years and faces above average risk; the political agenda and decisions already taken will put the social housing segment under pressure. The large regional differences in the housing market will increase with pressure in the Randstad and Noord-Brabant and contraction in peripheral areas of the Netherlands.

the housing market

There is an analysis of the Dutch housing market on page 41 of this annual report, which explains the following developments:

- Increasing demand for smaller, cheaper houses in the mid-range rental sector partly coming from tenants who no longer have access to the social rental sector;
- Improved prospects for the non-regulated residential rental market as a result of developments in financing opportunities in the owner-occupied sector;
- The higher-rental sector (over € 1,200) is still small and is mainly located in strong regions and in specific locations;
- Increasing demand for care-related housing mainly as a result of the ageing population coupled with the wish of older people to remain living independently for as long as possible and as a result of the Dutch government's policy of extramuralisation of care (organising it outside care institutions);
- The increase in households' overall net housing costs in the near future as a result of the sharp rise in energy prices.

the investment market

Relevant developments in relation to the investment market are:

- The Dutch residential investment market offers a relatively stable and favourable cash yield with low risk and can be used as a good hedge against inflation;
- The increasing aversion to risk, partly as a result of the financial crisis, further reinforcing the preference for core investments;
- The preference among institutional investors for indirect, unlisted property investments;

AMBITION

maximising fund value

The commercial strategy is maximising the value of the fund. Maintaining a leading position in the Dutch residential investment market, is vital in this regard. This requires an organisation that responds to opportunities with entrepreneurship and innovation and that is focused on growth and has a 'lean and mean' organisation structure. This ambition has been translated into four strategic objectives.

STRATEGIC OBJECTIVES

strategic objectives

Maximising fund value	Offering an attractive fund profile	<ul style="list-style-type: none"> • Maintaining a leading position in the Dutch residential investment market: extensive and diversified portfolio; • Maintaining a positive track record: outperforming the benchmark; • Attractive risk-return ratio: core residential investment fund with a defensive character; • Liquid and transparent fund; • Conservative use of loan capital with optimal diversification by market, type of financing and maturity.
	Achieving an effective letting and portfolio management	<ul style="list-style-type: none"> • Target portfolio with accent on the mid-range segment (80% in mid-range rental sector, concentrated in economically robust regions); • Acquisitions in promising market segments; • Gross/net ratio of 25%; • Building portfolio sustainability.
	Building and maintaining a cost-effective, professional organisation	<ul style="list-style-type: none"> • Professional and result-focused activities; • Maintaining customer satisfaction and customer-focus; • Management expenses outperforming the benchmark; • Attracting and retaining talented employees.
	Maximising fund yield	<ul style="list-style-type: none"> • Achieving stable distributable realised yield (target of at least 4.5%) and real long-term value growth; • Structural outperformance of the three-year IPD/ROZ-benchmark.

portfolio objectives

The portfolio policy is based on the fund targets that focus on maintaining a leading position in the Dutch residential investment market, offering a realised yield on equity of at least 4.5% per year and low risk. This has been translated into the following portfolio objectives:

- A shift towards the target portfolio, with a clear focus on the mid-range rental sector;
- Increased focus on strong municipalities in economically robust regions;
- Completion of development pipeline;
- Making acquisitions in promising market segments;
- Continuation of the improvement of sustainability in the portfolio.

composition of the target portfolio

The target portfolio is the framework for the purchase and selling policy, which, by rent, is as follows:

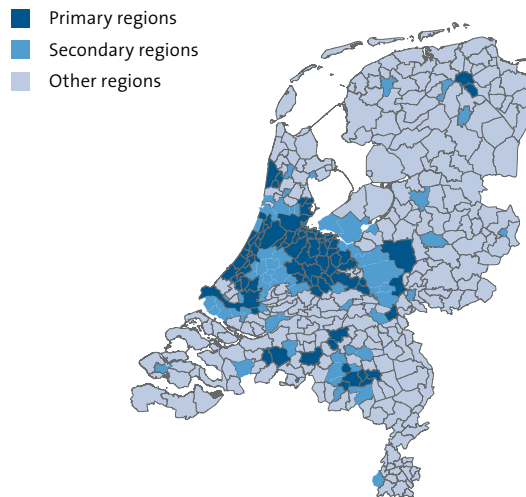
- 10% of properties in the regulated segment (< non-regulated level);
- 80% in the mid-range rental sector (non-regulated level - € 1,200);
- 10% in the higher-rental sector (> € 1,200)

The target portfolio by region is:

- 70% in primary¹ regions;
- 30% in secondary¹ regions.

Market potential in the non-regulated rental sector 2012-2020

source: Vesteda (2012)



LONG-TERM TARGETS

Performance indicator	Long-term target
<p>Investment</p> <p>Letting portfolio energy classification Property operating expenses Management expenses (basis points) Net rental income IPD-Netherlands 'All Residentials'</p>	<p>C (EI: 1.50 or higher) under 25% under 35 bps 4.5% or more above benchmark</p>
<p>Management/letting</p> <p>Occupancy rate Rent rise (nominal) Customer satisfaction</p>	<p>97.0% or higher at least inflation 7.0 or higher</p>
<p>Equity creation</p> <p>Realised yield Leverage Distribution to investors</p>	<p>4.5% or higher maximum of 30% realised yield²</p>

¹ Primary regions are those with the highest potential and lowest market risk. Secondary regions score less in some respects but are promising.

² Excluding the result on disposals

Report of the Managing Board

Members of the Managing Board

MANAGING BOARD

The Managing Board has two members.



A.J.M. (Arjan) Schakenbos (55)

CEO, Dutch nationality.

Areas of responsibility: Asset Management, legal affairs, HR and facilities. Also responsible for Corporate Social Responsibility.

Ancillary positions: Member of the Economic Development Board Rotterdam, Member of the Supervisory Committee of Equipe Zorgbedrijven.

Appointed February 2011, first term of office ends in January 2015.



L.A.S. (Luurt) van der Ploeg (42)

CFO, Dutch nationality.

Areas of responsibility: Fund Management, Portfolio Management & Research, tax affairs and Business Solutions & Information Management (BSIM).

Ancillary positions: member of the Supervisory Committee of Woningstichting Buitenlust.

Appointed October 2010, first term of office ends in September 2014.

Messrs Breur and Mol were members of the Managing Board until the end of March 2012.

O. (Onno) Breur (62)

COO, Dutch nationality.

Areas of responsibility until the end of March 2012: Asset Management, Property Management, research/market research and facilities.

Ancillary position: member of the Supervisory Committee of Westplan.

N. (Nico) Mol (59)

Director of Sales and Acquisition, Dutch nationality.

Areas of responsibility until the end of March 2012: Project Development (Vesteda Project Development bv), sales and acquisition, and sustainability.

Introduction by the Managing Board

This year Vesteda took significant steps towards putting its strategy into practice and implementing the reorganisation. The focus in the past year was on the investment management activities and there has been good progress on optimisation and professionalisation, with the underlying result of a significant improvement in the direct yield compared with 2011.

lean and mean investor

The organisation has achieved multiple objectives during the year. The legal structure of the fund was revised at the start of the year and general fund terms and conditions were drawn up making it easier for institutional investors to join and leave the fund. In addition, a large part of the loan capital was refinanced and the legal structure of the custodians has been adapted at the end of 2012 to achieve further diversification in financing. The organisation moved to IFRS and it has made good progress in the preparation for the application for an Alternative Investment Fund Managers Directive license. The reorganisation was implemented, allowing a return to cost-efficient operations. Vesteda is once again a genuine residential investor with a professional management organisation. This is an achievement that the entire organisation is rightly proud of.

focus on assets

Managing the assets was key to operations. The focus has been on financial vacancies, market rents have been differentiated more by type of housing and, where possible, additional rent increases have been achieved, property operating expenses have been reduced and the control of Property Management has been tightened. In addition, Vesteda was able to sell 870 residential properties in a very challenging market and examined several opportunities for acquisitions in the core regions. 142 residential properties were added to the portfolio in 2012.

10 years of management of an average of 30,000 homes

Property Management was organisationally separated during the year and is operating on a commercial management contract since August. Property Management has been able to improve its results and set up a number of new projects while at the same time undergoing a major reorganisation. The organisation has been slimmed down significantly under the new management. The focus in 2013 will be on further improvement and also on offering management services to third parties. Property Management has built up a powerful track record having managed an average of 30,000 properties over the past 10 years.

reduction of Project Development on schedule

The reduction of the project development activities is on schedule. In the past year, 167 residential properties were handed over, 142 of them to the letting portfolio of Vesteda.

sustainability central to
operations

In the past year, Vesteda again made considerable progress in its sustainability policy. Sustainability is an integral part of operations. The target of an average energy classification C for our core portfolio by 2015 was in fact already achieved during 2012. Vesteda also won the IPE Sustainability Award 2012. A great achievement.

reviving rental market

Demand for high-quality homes in the non-regulated rental sector is increasing significantly. Economic and demographic developments and government policy are leading to increased demand. Vesteda has a clear position in this segment, across different core regions and will strengthen this position in line with its strategy in the coming period. Vesteda also sees great potential in the residential care segment. As the population ages, there will be an increase in the average age and the extramuralisation of care is increasing the demand for homes and new types of housing for older people. Trends in the market and its track record in this specific market segment have prompted Vesteda to examine opportunities for setting up a proposition with a focus on residential care.



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Notes to the results

Total operating result for 2012 was € -137 mln: a total operating yield of -5,1% of opening equity. The realised result was € 97 mln, or 3.6%.

RESULT AND YIELD IN 2012

Gross and net rental income

Gross rental income per property in 2012 increased because of rent increases (annual rise, increases due to reletting and relative shift in the portfolio towards a higher segment). In absolute terms, gross rental income progressed in line with the decreasing size of the portfolio. Vacancies, especially those in the properties held for sale segment, were actively managed. The number of properties kept vacant for sale was reduced.

Other income

other income € 2 mln

Other income, which includes revenues from service activities of short-stay apartments and realised project development results, was stable at € 2 mln.

Net rental income

net rental income improved to € 179 mln

Net rental income improved to € 179 mln because of a significant decrease in property operating expenses. Property operating expenses include maintenance costs, reletting and property management expenses, letting and marketing fees, non-recoverable service charges and fixed costs (including taxes). These amounted to 27.6% of gross rental income in 2012. Cost savings were achieved mainly from lower property management costs and lower letting and marketing fees. Property management costs included a reorganisation provision of € 3.2 mln in 2011.

Management expenses

management expenses € 20 mln

The reorganisation in 2012 improved efficiency without loss of effectiveness. Management expenses fell significantly. The management expenses allocated to the fund in 2012 amounted to 33 basis points (bps) of the portfolio value at the start of the year. Excluding the release of part of the reorganisation provision, management expenses amounted to 35 bps.

Net interest expense

net interest expense € 65 mln

Repayment of debt reduced the net interest expense to € 65 mln, from € 70 mln in 2011.

Result on disposals

result on disposals € 3 mln

Vesteda succeeded in selling 315 homes individually and 555 through the sale of residential complexes. Result on disposals was down compared to 2011 mainly because of a fall in the relative share of individual sales.

Realised result

realised result € 97 mln

Realised result improved significantly from € 84 mln in 2011 to € 97 mln in 2012. Again, lower vacancies and reduced property operating expenses, management expenses and net interest expense were the key drivers behind this improvement. Realised yield improved accordingly from 3.1% in 2011 to 3.6% in 2012.

Unrealised result

unrealised result € -234 mln

Unrealised result was € -234 mln, or -8.7% of opening equity. Property values across the market have been under pressure, mainly as a result of falling housing prices and longer sales processes.

Total operating result

total operating result € -137 mln

Total operating result for 2012 was € -137 mln, representing a total operating yield of -5.1%.

Revaluation of derivatives

revaluation derivatives € -30 mln

There was a negative revaluation of derivatives of € 30 mln, or 1.1% of opening equity, because of the longer maturities combined with falling interest rates in 2012.

total result € -167 mln

Total result and total yield

Total result including derivatives for 2012 was € -167 mln, representing a total yield of -6.2%.

Results

x € 1 mln	2012	2011
Gross rental income	245	250
- Property operating expenses	68	77
+ Other income	2	3
Net rental income	179	176
- Management expenses	20	30
- Net Interest	65	70
Operating result	94	76
+ Result on disposals	3	8
+ Result from participating interests	-	-
- Tax	-	-
Realised result from letting	97	84
Unrealised result	-234	-138
Total operating result	-137	-54
Valuation of derivatives & office building	-30	10
Total result including derivatives	-167	-44

Yield

As percentage of opening equity	2012	2011
Realised yield	3.6	3.1
Unrealised yield	-8.7	-4.9
Total operating yield	-5.1	-1.9
Revaluation of derivatives	-1.1	0.4
Total yield	-6.2	-1.5

EQUITY

changes in equity

Equity as at 31 December 2012 was € 2,423 mln compared with € 2,670 mln as at 31 December 2011. The decrease of in total € 247 mln in equity is explained by: total result (€ -167 mln), the redemption of participations (€ -50 mln), payment of 2011 closing dividend of € 100 mln in total, of which 75% stock dividend and 25% cash dividend (€ -25 mln), payment of 2012 interim dividend of € 20 mln in total, of which 75% stock and 25% cash dividend (€ -5 mln).

proposed dividend for 2012
of € 94 mln

A total dividend of € 94 mln for 2012 will be proposed to the General Meeting of Participants, of which an interim dividend of € 20 mln was distributed in January 2012.

17 investors

List of Investors (participants)

Vesteda has 17 investors as follows:

Investors in Vesteda

At year-end 2012 (alphabetical order)

Bouwfonds Nationale Nederlanden BV ¹	Stichting Pensioenfonds C1000
Delta Lloyd Levensverzekering VRF I BV	Stichting Pensioenfonds Openbaar Vervoer
Delta Lloyd Life VRF I BV	Stichting Pensioenfonds voor de Grafische Bedrijven VRF II BV
Delta Lloyd Vastgoed Participaties VRF I BV	Stichting Pensioenfonds voor Fysiotherapeuten
Loyalis Leven VRF II BV	Stichting Pensioenfonds Xerox
Loyalis Schade VRF II BV	Stichting Depository PGGM Real Estate Fund VRF II BV ¹
Stichting Achmea Dutch Residential Fund	Stichting Spoorwegpensioenfonds
Stichting Bedrijfstakpensioenfonds voor de Media PNO	Stichting TKP Pensioen Real Estate Fonds
Stichting Pensioenfonds ABP VRF II BV ¹	

25.1 mln participations issued
at 31 December 2012

Number of issued participations

As at 31 December 2012, Vesteda Residential Fund has issued a total of 25,119,737 participations (31 December 2011 25,637,603. At the end of December, a total of 517,866 participations were redeemed, representing an amount of € 50 mln.

LOAN CAPITAL

Vesteda's loan capital amounts to € 1,523 mln, representing 37% of its total assets. Historically, Vesteda primarily raised funding by the issuance of notes through its CMBS programme and to a small extent by mortgage financing. Vesteda has drawn loan capital in the form of CMBS notes since 2001. All of Vesteda's outstanding CMBS notes have a triple A-rating and all credit ratios of its financing arrangements were met. Vesteda actively limits the interest rate risk exposure on its loan portfolio by entering into interest rate swap contracts and by purchasing interest rate caps.

Financing strategy

Vesteda aims to refinance part of its CMBS programme with other debt instruments to further improve its financing risk profile. Vesteda's financing strategy is focused on diversification of its loan portfolio in terms of product, market and maturity. Long-term strategic focus includes the reduction of leverage to the target level of 30%.

In April 2012, Vesteda successfully issued € 625 mln of new notes (A8). The proceeds were used for repaying part of the € 750 mln of outstanding CMBS notes (A3 and A5). The remaining € 125 mln repayment was made from own funds.

Vesteda is not exposed to interest rate risk on any loans under the CMBS programme. The loans are hedged by standard (ISDA) interest rate swap contracts with Deutsche Bank AG and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Total interest payments decreased as a result of a € 125 mln decrease in total bonds outstanding. The average maturity of the bonds was 1.3 years at year-end. During 2012, Vesteda continued mortgage borrowing under its existing financing arrangements and had mortgage loans of € 97.8 mln outstanding at year-end.

CMBS Modification

An important step in Vesteda's financing strategy was taken with the modification of its CMBS programme at the end of 2012. The CMBS asset pool was reallocated, enabling Vesteda to put in place a flexible debt structure permitting different types of debt instruments and which allows for different types of debt products to co-exist next to CMBS funding and asset pool funding.

¹ Interest greater than 5%

The triple A-rating of the CMBS notes was reconfirmed by the rating agencies as part of the modification process.

The next planned step for using alternative debt instruments is the refinancing of the A8 notes with non-CMBS debt, for which a committed funding line is in place with ABN Amro Bank N.V and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Value of financial instruments

Vesteda uses financial instruments to hedge interest rate risk on its loans and they comprise interest rate swap contracts and one small interest rate cap. The financial instruments are recognised under hedge accounting at fair value in the balance sheet and are used to effectively hedge interest rate risk.

As a result of declining Euribor interest rates and a flattening interest curve in 2012, the fair value of the financial instruments decreased by € 29.6 mln to € 85 mln negative.

In 2012, Vesteda entered into a new swap contract with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. at a rate of 1.99% with a notional sum of € 625 mln, decreasing to € 500 mln in 2017, for hedging interest exposure on the A8 notes and subsequent long-term financing.

Notes to the activities

INVESTMENT ACTIVITIES

DEVELOPMENTS IN 2012

The focus in 2012 was on improving the rental income by addressing financial vacancies, achieving greater differentiation in market rents by type of housing and additional rent increases where possible. Property operating expenses have been reduced and the control of Property Management has been tightened.

new organisational structure

The Portfolio Management department was set up in early 2012. As part of the strategy of Vesteda, Portfolio Management carries out a market survey and determines the optimal investment portfolio, aimed at maximum yield for the desired risk profile. To this end, Portfolio Management establishes a framework of annual portfolio objectives to realise the agreed annual fund's targets and to develop towards the target portfolio. Progress towards the target portfolio is monitored and analysed periodically. Portfolio Management is also responsible for the appraisal process and the fund's performance analyses.

Asset Management is responsible for implementing the portfolio strategy. It formulates the policy for each complex from the results of the annual hold/sell analyses and is responsible for implementation by acquisition, sale and management of the complexes. It also manages the internal and external property managers with whom management contracts, including Service Level Agreements, have been concluded.

focus on the mid-segment

Vesteda focuses on expanding the portfolio in the mid-range rental sector in economically strong regions and locations in the Netherlands. The contribution of individual complexes to the portfolio objectives are clarified in the annual hold/sell analyses. The outcome of these analyses underlies the tactical and letting strategy for the complexes. The 2012 analyses gave greater weight to cash yield and sustainability in the evaluation of complexes compared with the 2011 analysis.

active rejuvenation strategy

Vesteda pursues an active rejuvenation strategy in order to optimise and rejuvenate its portfolio. The inflow to the letting portfolio was 142 units, representing a total value of € 42 mln. The outflow was € 138 mln and was achieved through individual sales and sales of residential complexes. Maintaining the roll-over principle is very important to the future of the fund. Rejuvenation makes a substantial contribution to updating the profile of the portfolio. As a result of the rundown of the development activities, the main focus in 2013 will be on acquisition of turnkey complexes.

CHANGES IN THE LETTING PORTFOLIO¹

Value

The table below shows the value of the letting portfolio, which fell to € 3,970 mln as at 31 December 2012. The proportion of single-unit residential properties by value remained stable at 38%.

Letting portfolio, value

year-end (€ mln)	2012	2011	2010	2009	2008
Single-unit residential properties*	1,528	1,626	1,652	1,743	1,925
Multiple-residential properties*	2,441	2,622	2,750	2,741	2,774
Total	3,970	4,248	4,402	4,484	4,699

* including value of associated parking/garage spaces and commercial space in projects

Value changes in detail

The letting portfolio fell by a net 6.5% in value. The table below shows the changes and the effect of revaluation.

¹ Minor differences in totals are due to rounding

Letting portfolio, changes in value

(€ mln)	2012	% value
Value at start of year	4,248	100
Changes as a result of the roll over-strategy	-78	-1.8
Changes as a result of revaluation	-200	-4.7
Value at year-end	3,970	93.5

changes in value:
in- and outflows -1.8%,
revaluation -4.7%

The in- and outflows of projects led to a net reduction of € 78 mln or 1.8% in the value of the portfolio. The change as a result of revaluation was € -200 mln or -4.7%. The net movement in the letting portfolio was a fall of € 278 mln or 6.5%.

appraisals performed by
external valuers in an
appraisal module that
determines the present value
in two scenarios

Revaluation in detail

The complexes in the letting portfolio are appraised by external valuers. To achieve the greatest uniformity and continuity, all appraisals of residential properties are made in the Dream/TMS appraisal module. The valuation uses the discounted cash flow method, in which the present value of two scenarios is calculated. The first scenario is if a complex continues to be let (the value of the proceeds of the sale of a complete complex to an investor who will continue to let the residential properties). The second scenario is if the individual units of the complex are sold (the value of the proceeds of the sale of a complete complex to organisations specialising in selling individual units). The fair value of the portfolio is based on the scenario with the higher value.

vacant value affects
individual sales values

The continued letting value is determined by the cash flows from letting and the discount rate. The sales value is determined by the cash flows of the individual residential property sales, the cash flows from letting and the discount rate for this scenario. The cash flows from sales depend on the number of sales over time and the expected proceeds (vacant value less costs) from individual sales of the residential properties concerned.

value of the residential
portfolio less sensitive to
developments in the private
housing market

The proportion of the investment portfolio valued at the continued letting scenario increased to 20% in 2012 from 3% in 2011. Since the value of these complexes is measured on the basis of continued letting, the value will not be directly affected by any less favourable prospects in the private owner-occupied market. In contrast, improvements in the prospects for the private owner-occupied market do have a direct influence when the individual sales value becomes higher than the value based on the continued letting scenario.

number of units falls by 2.8%

Units

The size of the portfolio, measured in units, fell by 2.8% during 2012. At year-end 2012, the letting portfolio consisted of 25,100 residential properties. The development portfolio included a further 40 residential units intended for sale to owner occupiers. Apart from the residential properties, Vesteda owned about 50,000 m² of commercial space and over 10,000 parking/garage spaces at year-end.

Letting portfolio, (units)

number at year-end	2012	2011	2010	2009	2008
Single-unit residential properties	10,108	10,346	10,517	11,074	11,581
Multiple-residential properties	14,992	15,482	16,215	16,169	16,043
Total residential properties	25,100	25,828	26,732	27,243	27,624
Parking/garage spaces	10,217	10,427	10,177	9,699	9,457
m ² commercial space	50,491	55,410	57,515	51,663	43,179
of which: offices	34,820	39,052	40,168	40,606	32,511
of which: retail	15,671	16,358	17,346	11,057	10,668

outflow 870; inflow 142

In 2012, the net decrease in the letting portfolio was 728 residential properties. Overall, 870 properties were sold and 142 were added.

Changes in letting portfolio (units)

Number of properties	2012	2011	2010	2009	2008
At start of the year	25,828	26,732	27,243	27,624	28,334
- total sold during the year	870	1,268	1,054	1,112	1,052
+ reclassification as a result of change in layout			-4		-2
At year-end, let for at least one year	24,958	25,464	26,185	26,512	27,280
+ added from in-house development	142	364	547	731	344
At year-end	25,100	25,828	26,732	27,243	27,624

Properties in the portfolio

The properties in the letting portfolio with the address, number of residential properties, usable area and theoretical rental at year-end are listed on page 116.

Inflow (acquisitions)

In 2012, a total of 142 residential properties were added to the portfolio with a total investment value of € 42 mln. The properties in the development portfolio handed over and transferred to the letting portfolio in 2012 are listed on page 39 and 40.

Outflow (disposals)

A total of 870 homes were sold in 2012. The proceeds from the sale of residential properties that do not make a sufficient contribution to the portfolio objectives can be invested in complexes that make a positive contribution to the yield and the quality of the portfolio. The sales generated gross proceeds of € 149 mln and net proceeds of € 141 mln.

870 residential properties sold in 2012

Letting portfolio, gross proceeds

(€ mln)	2012	2011	2010	2009	2008
Residential properties	149	189	186	176	181
COG	-	1	2	-	1
Land sales	-	-	9	4	-
Total	149	190	197	180	182

Letting portfolio, disposals

units	2012	2011	2010	2009	2008
Individual sales	315	414	547	374	696
Complete complexes	555	854	507	738	356
Total	870	1,268	1,054	1,112	1,052

Preference for individual sales

To get the best results from sales, residential properties are preferably sold individually to tenants or, if vacant, to third-party purchasers. In 2012, 315 residential properties were sold individually for a total of € 67 mln.

315 homes were sold individually

Remainder sold as complete complexes

Sales of residential complexes are an alternative to individual sales if risks of the property are too high or individual sales do not offer sufficient return or volume, for example, because of a very low tenancy turnover, or as a result of market conditions. The sales terms incorporate the IVBN Sales Code and anti-speculation provisions required by Vesteda.

supplementing individual sales with sales of complexes assists speed of sale and creates liquidity

555 residential units were sold in complexes in 2012, for a total of € 82 mln.

555 residential units sold

Result on disposals per unit

A net result of € 2.6 mln was realised on disposals in 2012. The average net result was € 3,020 per residential property.

total result on disposals from letting portfolio € 2.6 mln, an average of € 3,020 per property

Letting portfolio, result on disposals

(€ mln)	2012	2011	2010	2009	2008
Residential properties	3	7	20	9	20

Letting portfolio, result on disposals per residential property

(€ thousands)	2012	2011	2010	2009	2008
Result on disposals per residential property	3	6	19	8	19

Vacant value of the individual units

vacant value down 6.7%

The vacant value is the value of the unit without a lease contract and is similar to the value of a private owner occupied unit. The combined vacant value of the units in the letting portfolio was € 5,139 mln at the end of 2012. Compared to 2011, this is a reduction of 6.7% as a result of the inflow, outflow and revaluation. Excluding the inflow and outflow of complexes, the combined vacant value of the residential portfolio fell by 4.9%.

value per residential property fell to € 154,000

Letting portfolio, average value per residential property

year-end (thousands of euros)	2012	2011	2010	2009	2008
Value with vacant possession	5,139	5,509	5,752	5,781	5,932

Average value per residential property

The average value per residential unit fell compared with a year earlier to € 154,000 at 31 December 2012 as a result of inflow, outflow and revaluation. Excluding the effects of the inflow and outflow of complexes, and including the effects of investments, the value of the letting portfolio fell by 4.3%.

Letting portfolio, average value per residential property

year-end (thousands of euros)	2012	2011	2010	2009	2008
Average value per residential property	154	161	161	162	167

SEGMENTATION OF THE LETTING PORTFOLIO BY SUB-PORTFOLIO

This section sets out key figures for the letting portfolio by sub-portfolio. In line with IVBN definitions, Vesteda breaks this down into single-unit and multiple-residential properties.

Letting portfolio by province, value 2012

fair value, year-end (€ mln)	single-unit residential properties	multiple residential properties	total
Groningen	12	46	58
Friesland	45	27	72
Drenthe	16	14	29
Overijssel	82	44	125
Gelderland	129	96	225
Utrecht	115	138	253
Flevoland	127	106	232
Noord-Holland	362	581	943
Zuid-Holland	444	715	1,159
Noord-Brabant	123	324	446
Zeeland	0	9	9
Limburg	75	341	416
Total	1,528	2,441	3,970

Letting portfolio, vacant value, market rental value and theoretical gross rent

2012, year-end (€ mln)	single-unit residential properties	multiple residential properties	total
Value with vacant possession	1,994	3,145	5,139
Market rental income	97	163	260
Theoretical gross rental income	95	164	259

Letting portfolio, occupancy rate

2012, year-end Calculated on the number of residential properties (in %)	single-unit residential properties	multiple residential properties	total
Letting portfolio	97.5	94.2	95.6
of which let for at least one year	97.5	94.7	95.8

Letting portfolio, realised rental income

2012 (€ mln)	single-unit residential properties	multiple residential properties	total
Gross annual rent excluding vacancies	94	150	243
Net annual rent	71	105	177
Net/gross annual rent	76%	70%	73%

Letting portfolio, gross yield

2012, year-end 2012, year-end	single-unit residential properties	multiple residential properties	total
Gross yield	6.2	6.7	6.5

Letting portfolio, average monthly rent

2012 (in €)	single-unit residential properties	multiple residential properties	total
Start of year	764	813	793
Year-end	782	822	806

Letting portfolio, result on disposals

2012	single-unit residential properties	multiple residential properties	total
Residential properties	2.9	-0.3	3

LETTING PORTFOLIO, CHANGES IN RENTAL INCOME AND OCCUPANCY RATE

Market rental value and theoretical rental income

At the end of 2012, the annual market rental value of the letting portfolio was € 260 mln and the theoretical annual gross rent (gross rental income plus market rent for vacant units) was € 259 mln.

Letting portfolio, market rental value and theoretical gross rent

year-end (€ mln)	2012	2011	2010	2009	2008
Market rental value	260	266	265	264	261
Theoretical gross rent	259	262	263	261	252

occupancy rate marginally lower at 95.6%, tenancy turnover stable

Occupancy rate and tenancy turnover

The occupancy rate in the letting portfolio was more or less stable in 2012 and was 95.6% at 31 December 2012 compared with 95.7% at 31 December 2011. Vesteda regards the first year of letting as the initial letting phase. If properties added less than a year ago are ignored, the occupancy rate of the letting portfolio is 95.8%. The tenancy turnover was unchanged at 14.1%.

Letting portfolio, occupancy rate

Calculated on the number of residential properties (in %, year-end)	2012	2011	2010	2009	2008
Occupancy rate of letting portfolio	95.6	95.7	95.2	95.3	97.1
of which let for at least a year	95.8	96.5	96.1	96.4	97.8

Letting portfolio, tenancy turnover

Calculated on the number of residential properties (in %)	2012	2011	2010	2009	2008
tenancy turnover for the year	14.1	14.1	13.4	12.3	13.1
tenancy turnover, three-year average	13.9	13.3	12.9	12.3	12.5
tenancy turnover, five-year average	13.4	12.9	12.7	12.4	–

Realised rental income

gross/net ratio falls to 27%

During 2012, total realised gross rental income fell by about 1% compared with 2011 to € 243 mln. Of the total gross rental, 97.1% is attributable to residential properties. Property operating expenses in 2012 were equal to 27% of gross rental income (2011: 30%)

Letting portfolio, realised rental income

(€ mln)	2012	2011	2010	2009	2008
Gross annual rent	243	245	243	241	238
Net annual rent	177	171	173	177	174
Net/gross annual rent	27%	30%	29%	26%	27%

Gross yield

gross yield rises to 6.5%

The gross yield on the letting portfolio, defined as the theoretical rent at year-end divided by the value of the portfolio at year-end, rose to 6.5%.

Letting portfolio, gross yield

(in %)	2012	2011	2010	2009	2008
Gross yield	6.5	6.2	6.0	5.8	5.4

Rental income trends

1.6% rise in rents, three causes

The average monthly rent per residential unit at year-end 2012 was € 806, compared with € 793 in 2011. This represents an increase of 1.6%, due to three factors. The first was the inflow and outflow of residential properties to and from the portfolio, which accounted for 0.5 percentage points of this increase. The second factor was reletting: rents for new tenants were lower than those of departing tenants, causing a fall of 1.3 percentage points in the average monthly rent. The final cause is the annual rent increase for tenants which accounted for a rise of 2.4 percentage points in the average rent.

Letting portfolio, average monthly rent

Year-end, in €	2012	2011	2010	2009	2008
Average monthly rent	806	793	771	755	721

Letting portfolio, average rent rise by source

Start of year compared with year-end, in %	2012	2011	2010	2009	2008
inflow and outflow of properties in the portfolio	0.5	1.4	1.4	2.0	2.7
reletting	-1.3	-0.4	-0.9	0.0	0.1
average rent rise for sitting tenants	2.4	1.9	1.6	2.8	2.5
redefinition of rental income as income for short-stay	-	-	-	-	-0.5
Total increase in average rent	1.6	2.9	2.1	4.8	4.8

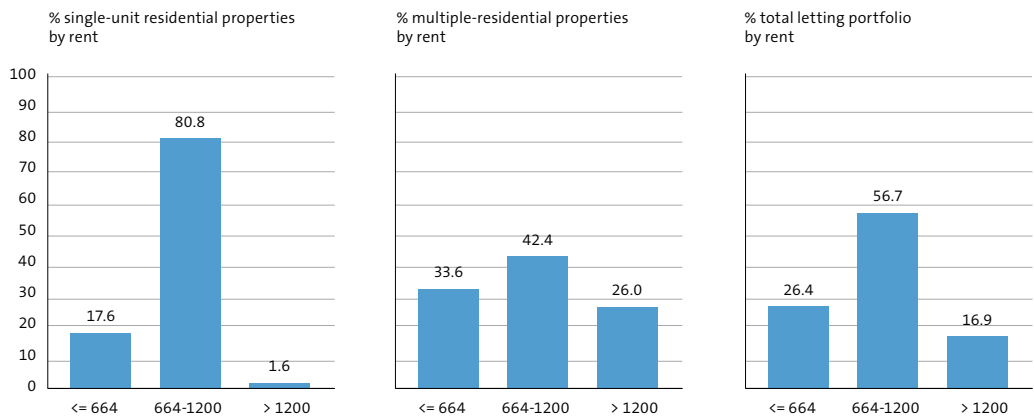
Portfolio by rent

74% of the portfolio by rent in the non-regulated sector

74% of rental income in the letting portfolio comes from units with a rent above € 664.66 per month.

Letting portfolio, by rent

Letting portfolio year-end 2012, by theoretical gross rent for 2012, by rent

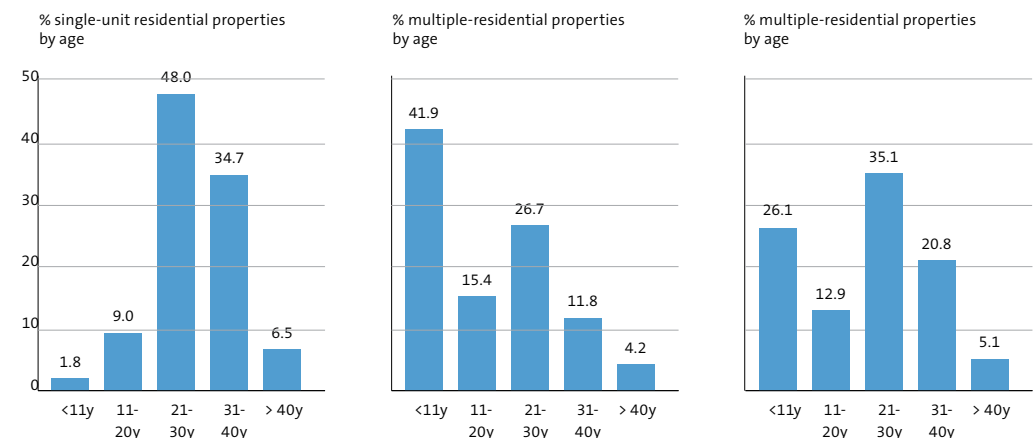


Portfolio composition by age

The average age of the letting portfolio (by value) is 21 years. With an average age of 16 years, apartments are newer than houses, which have an average age of 28 years.

Letting portfolio, by age

Letting portfolio year-end 2012, percentage of value year-end 2012, by age



PROPERTY MANAGEMENT ACTIVITIES

DEVELOPMENTS IN 2012

new organisational structure	A business plan including the service package, related opportunities for external mandates and the potential profitability of the business was drawn up to determine the feasibility of an autonomous Vesteda Property Management (VPM). The objective is to make a positive contribution to the result on competitive rates and contract terms in two years time.
structural cost savings	Two of the conclusions were that, compared with the market, VPM had excessive staff and that the employment conditions were above average. In addition to employee expenses, its accommodation and IT costs were also high. After a favourable opinion had been obtained from the Works Council on 8 March, the first step in 2012 was to reduce the number of FTEs from 189 to 168. Structural savings were made on accommodation costs by relocating offices and head office and by centralising activities. Savings were also made in IT costs for example by the limitation of licenses. The cost saving programme will run through 2013. A start will be made on cutting the cost of employment in 2013, but the potential effects will only be seen in due course.
position of Account Manager introduced	The position of Account Manager was introduced in mid-2012 to make the organisation more efficient towards customers and clients. The VPM Account Manager is the owner of and monitors agreements made with the customer on the basis of the management contract. The Account Manager is responsible for making and implementing arrangements on service and letting. Other than introducing the Account Manager, some activities were centralised with the aim of raising efficiency and saving costs.
Customer Contact Centre	The use of internet applications to acquire tenants and deal with requests for information and complaints handled by the Vesteda Customer Contact Centre was expanded, raising effectiveness and efficiency further. The centre is thus playing a significant role in acquisition and classification of leads for letting so that currently about 17% of eligible potential tenants actually sign a contract.
acquisition of external mandates	VPM actively started acquiring external clients in 2012. Opportunities are seen in acquiring mandates from institutional investors, however by far the greatest potential is in housing associations, which, under rapidly rising economic and political pressure, are looking for ways to make letting and management more efficient and become more market and customer focused. Maximising operational cash flow has top priority. VPM achieves operational efficiency in management and letting activities and is experienced in acquiring tenants in the non-regulated part of the housing market. Vesteda's high and positive profile is a clear advantage. A start was made in 2012 by taking over a considerable residents' association management (VVE) portfolio and the prospects for the acquisition of external mandates in early 2013 are positive. The chances of acquiring assignments in the housing association market are good but the decision-making process is slow and first concrete results are only expected to become visible in the course of 2013.
management contract signed	The relationship between Vesteda Investment Management as investment manager of Vesteda and VPM as property manager was formalised in early 2012 in a management agreement with a Service Level Agreement (SLA) which links specific performance agreements on financial results and services to additional fees. This is the first, significant step towards a fully competitive relationship between the investor and the property manager. As a consequence, 2012 was a learning phase in which roles and responsibilities became clearly defined, good progress was made on separating reporting lines and both parties could grow in their roles. The account managers became operational at VPM from August and the initial results are encouraging.

PROJECT DEVELOPMENT ACTIVITIES

DEVELOPMENTS IN 2012

pipeline reduced to €452 mln

In pursuance of the strategy, the pipeline was reduced to € 452 mln during 2012 from € 509 mln at the end of 2011. This also led to the Project Development organisation being scaled down further during 2012. At 31 December 2011, the workforce was 16.6 FTEs and by the end of 2012 it was 9.4 FTEs. The reduction was achieved mainly by reassignment within Vesteda and only one employee was made redundant. As a result of shifts from rental to sale in the pipeline, € 262 mln will eventually flow into the fund and € 190 mln of sales is intended to be achieved.

CHANGES IN THE DEVELOPMENT PORTFOLIO

Completions

142 residential properties let

In 2012, 167 residential properties were handed over, 142 of them for letting by Vesteda.

Completions

Units	2012	2011	2010	2009	2008
Actual	167	364	547	731	344

PIPELINE OF PROJECTS UNDER DEVELOPMENT

Contractual pipeline

1,264 residential properties in pipeline with an investment value of €452 mln

The pipeline is shown below. At year-end 2012, Vesteda had 294 residential properties in the construction phase; 158 intended for letting and 136 residential properties for sale. There were 970 properties in the preparation or development phases.

In total the contractual stock in the pipeline was 1,264 residential properties with an investment value including VAT of € 452 mln.

Pipeline

year-end, hard stock, letting and sale	units
Projects in construction phase	294
Projects in preparatory/development phase	970
Total in development portfolio	1,264

COMPLETED PROJECTS IN 2012



Maarsse, Soetendael

42 apartments/42 parking spaces

Completion date: Q2 2012

Investment: € 19.4 million



Maarsse, Nieuw Vechtevoort

34 apartments/34 parking spaces

Completion date: Q3 2012

Investment: € 11.7 million



Sittard, De Dominicaan

28 apartments/29 parking spaces

Completion date: Q1 2012

Investment: € 8.7 million



Amsterdam, De Zee-Arend (Overhoeks)

22 apartments
(including 4 owner-occupied)/29 parking spaces
Completion date: Q3 2012
Investment: € 11.0 million



Amsterdam, De Willem Barendtz (Overhoeks)

22 apartments
(including 2 owner-occupied)/25 parking spaces
Completion date: Q3 2012
Investment: € 9.7 million

The Dutch housing market

DEVELOPMENTS IN 2012

The housing market was unable to recover its balance in 2012, which proved to be an uncertain year for consumers. The macro-economic figures were disappointing and the effects of the economic situation on the real economy were clear in rising unemployment and falling purchasing power. Consumer confidence remained negative during the year and the banks were hesitant to provide housing finance. Consumers delayed moving house despite government measures to stimulate the market. As a result of the limited demand for housing, private individuals and market players had difficulty in selling residential properties.

POPULATION AND HOUSEHOLDS

year-end 2012: 16.7 million population, 7.5 million households

At the end of 2012, the population of the Netherlands was some 16.7 million, living in 7.5 million private households. The average household size was, therefore, 2.2 persons. The effects of the economic situation were visible in the lifestyle of the population with Statistics Netherlands recording a reduction in the number of births, fewer marriages and partnerships and fewer housing moves, particularly by families. This all results in 'deferred demand' for new residential properties.

Housing stock

40% rental, including 5.9% above the non-regulated level

The Dutch housing stock in 2012 was about 7.3 million units, 2.9 million of which are rented, representing about 40% of the occupied housing stock. 10% of the rental segment has a rent above the non-regulated level. The number of non-regulated rental homes has increased as a result of unsold owner-occupied properties being let. At 31 December 2012, Vesteda had some 16,000 residential properties in its portfolio with a rent higher than €664.66 (the non-regulated level in 2012) and so it has a 5.9% share of the market of the stock of non-regulated homes in the Netherlands.

New build and building permits

stock stagnating as a result of fall in new building less new building

Building output has declined sharply since 2010. An average of 71,000 residential properties were completed each year in the period 2007-2011. There will be some 51,000 completions in 2012 according to the scenario in the TNO building forecast (prepared for the Ministry). Not only is new building falling sharply but the number of building permits issued is also substantially lower. Almost 57,000 building permits were issued in 2011 but there were only 26,000 issued in the first nine months of 2012. Extrapolating that trend means the total number of building permits issued for 2012 will be approximately 36,000 and so the pressure on the market will remain.

Non-regulated sector

renting is becoming more attractive

The attractiveness of renting compared with buying rose in 2012 as a result of limited opportunities for financing owner-occupied properties, uncertainty about the owner-occupied housing market and lower real income. There is a broad demand for non-regulated rental residential properties, especially in the mid-segment. As decisions about renting are made for the long-term, consumers are critical about the affordability and the price/quality ratio of the home. Significant aspects of quality are functionality and location.

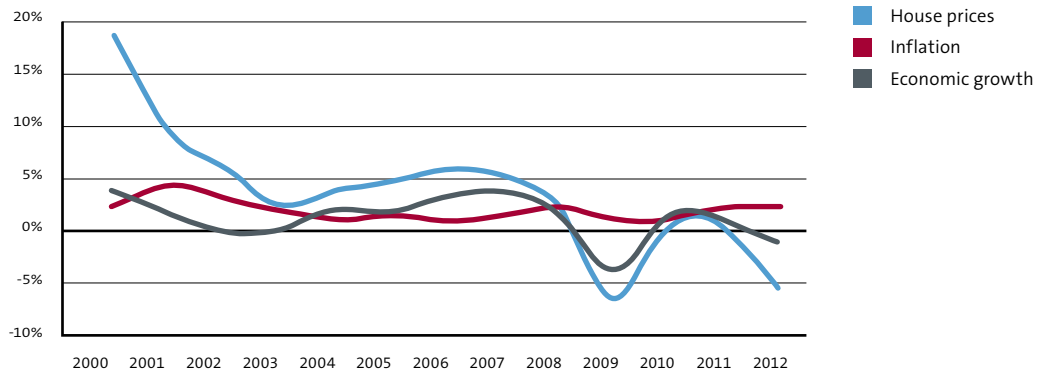
PRICE TRENDS IN THE OWNER-OCCUPIED HOUSING MARKET

falling house prices

The average actual selling price paid for existing residential properties fell by 5.9% during the year, putting prices back to the level of 2004. The chart shows that movements in house prices in the Netherlands were above inflation and economic growth from 2000 to 2009, whereas they have been below both since 2010. On average the price of existing residential properties has fallen by over 16% since the crisis began in mid-2008.

Owner-occupied house prices in relation to inflation and economic growth 2000 to 2012

Source: Statistics Netherlands/Kadaster (2012), Vesteda's calculations

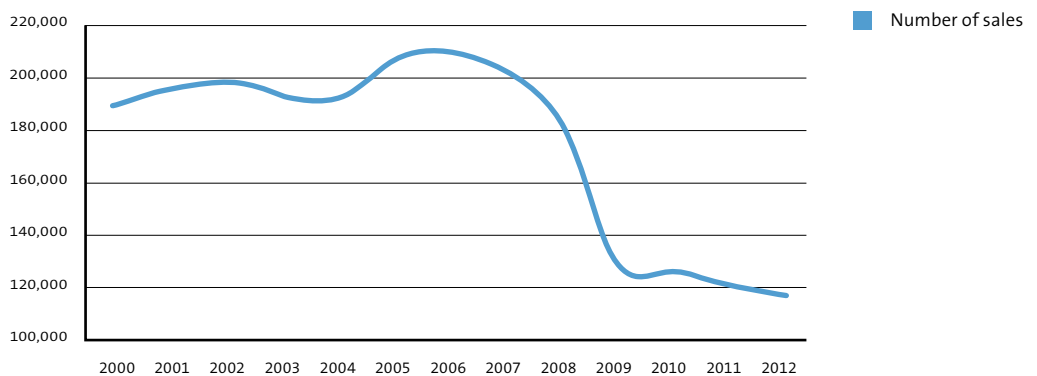


Transactions in the owner-occupied market

At 117,261, the number of homes sold in 2012 was slightly (2.9%) lower than in 2011. The chart shows that about 200,000 homes were sold each year until 2008 when the trend dropped to about 120,000 homes per year. The main reason for this was uncertainty among private individuals and a restrained financing policy.

Number of housing transactions in the Netherlands 2000 to 2012

Source: Statistics Netherlands/Kadaster (2012), Vesteda's calculations



increasing supply on the residential market

Functioning of residential investment market

The fundamentals of investing in residential complexes were reasonable in 2012. Despite the economic situation of recent years, rental income was stable and indexed. The vacancy risk remained limited. Valuation was largely based on possible cash flows from the sale of individual residential properties and fell by about 5%. As a result of the change in values of residential investments in the period 2008 to 2012 (-19%), direct return rose to 4.5%. The yield on 10-year government bonds fell from 2.4% at the start of the year to 1.6% at 31 December 2012.

There was enthusiasm for investing in residential properties in 2012. Despite purchasers having less capital available, the transaction volume in 2012 is expected to be similar to that of 2011. The supply of residential complexes rose strongly in 2012, in part because of the entry of housing associations. As a result of the increase in supply, the market for residential complexes has changed into a 'buyer's market'. Buyers are opting for modern complexes in the better areas and determine the price mainly from the cash flow from rents. The results possible from the sale of individual residential properties are still only reflected in the price to a limited extent.

LEGISLATION AND REGULATION

Structural reforms were announced in the Spring Agreement to revive the owner-occupied and rental housing markets. These were followed up in the coalition agreement at the end of October 2012 which was revised in mid-February 2013 in order to gain support in Parliament. Market reactions indicate that these measures will have major consequences for consumers, housing associations and market players.

Limitations on borrowing

The government's proposal is to restrict the types of mortgage. Organised repayment of the loan is a condition for tax breaks on new loans. As a result, the average monthly expenditure of private owner-occupiers has risen and the maximum finance available for any given income has fallen. To control the costs, the amended agreement makes it possible to take out a separate loan that an owner-occupier can use to fund part of the repayment of the mortgage.

New rent policy

The government proposed to link the non-regulated level to the value under the Valuation of Immovable Property Act but the minister has abandoned this and the current valuation system will remain in place. The system of income-related rents will remain in place for the next two years. It has also been agreed that the rent will be cut if the income falls. The levy on landlords remains in place although some concessions have been made on the total amount to be raised: € 1.7 billion in 2017. Regulated residential properties owned by institutional investors are still covered by the levy.

2013 will bring greater clarity in the actual application of the proposals. For the time being it seems that there is clarity on the housing market but it has to be seen whether this will remove the uncertainty of housing consumers.

CONCLUSIONS CONCERNING DEVELOPMENTS IN 2012

- The main conclusion is the 'uncertainty' of households about the economy, work and income and the housing market;
- The economic situation led households to 'deferral': fewer moves;
- The size of the non-regulated rental segment increased as a result of unsold owner-occupied homes being let;
- New building is depressed, no structural recovery in the construction industry is yet in sight;
- Demand for non-regulated residential properties increased, consumers are critical about the price/quality ratio on offer;
- The average actual selling price paid for existing residential properties fell by 5.9%;
- The number of transactions fell slightly to about 117,000;
- The supply of residential investments rose while the transaction volume remained steady;
- The measures in the political coalition agreement offer clarity but little assurance for a healthy functioning housing market.

OUTLOOK FOR 2013 AND BEYOND

Prospects for the non-regulated rental market in the next few years are good. Besides demographic trends, the government's housing market policy will lead to higher demand in the non-regulated sector. Housing consumers have a greater preference for renting compared with owner occupation as a result of the increased insight into the benefits and disadvantages of renting compared with owning a house.

additional 0.9 million households

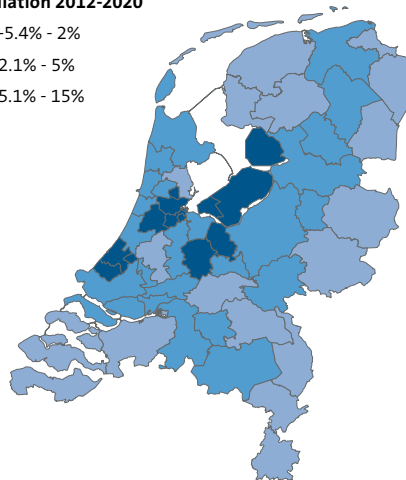
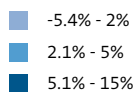
Demographic developments

The number of households will grow more strongly and faster than the population. According to the Primos forecast, the number of households will grow from 7.5 million at the end of 2012 to 8.5 million in 2040. The trend towards individualism is continuing and so housing demand will continue to increase, in any event until 2040. There are major regional differences in population growth and the number of households. In number of households, the city of Amsterdam, the Utrecht conurbation and the agglomeration around The Hague will be the fastest growing Corop+ regions. Between 2010 and 2020, Amsterdam and Utrecht will each grow by 28,000 households, while The Hague agglomeration will see a rise of over 24,000; growth is highest in relative terms in the Almere Corop+ region (21.7%), followed by Midden Flevoland (12.1%) and Delft and Westland (10.2%).

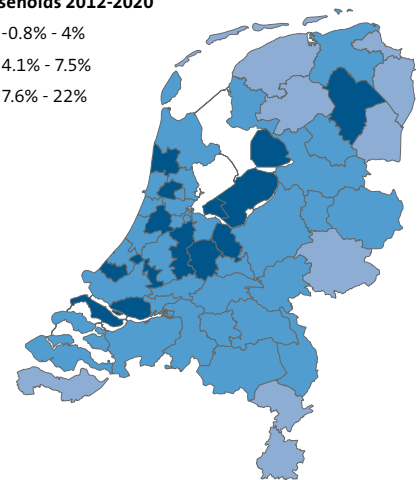
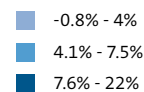
Population and household trends by Corop+ region 2012-2020

Source: Primos (2012)

Population 2012-2020



Households 2012-2020



grey pressure increasing, demand for lifetime homes is an opportunity for Vesteda

Ageing population

The first group of post-war baby-boomers has now reached the retirement age of 65; the number of over-65s is, therefore, rising quickly. This trend is continuing. In the coming years, the proportion of over-65s will increase from 16% of the population to 26% by 2040. This means that in 2040 one in four people in the Netherlands will be 65 or older. The proportion of over-75s will increase to 2040, doubling from 7% now to 14% in 2040. The Randstad conurbation is ageing less than the more peripheral regions. In the development of housing concepts, the needs of these groups will have a decisive influence. As a result of the privatisation of the care sector and associated extramuralisation of care, older people will be living in their own homes for much longer in future. This means that there will have to be sufficient housing in which proper care can be offered, resulting in a 'lifetime' home that is age-adapted and meets all requirements.

3.6 mln households with an adequate income for the non-regulated rental segment

Target groups

Based on socio-demographic and household characteristics, Vesteda is focusing on groups of tenants who by their age and housing situation can be classified as singles and separated people, baby-boomers, over-75s and families. If the Dutch household population classified in this way is further sub-divided into those with annual disposable household income of € 29,000 or more (Vesteda's target group), 3.6 million households are within the definition. The number of households in this target group will be fairly stable until 2020 and then rise to 3.8 million by 2030.

There are clear differences in the trends of the various target groups within this classification. The sharpest decline will be among two-person households aged between 30 and 55 years; the number of young newcomers is also falling. In contrast, there will be more singles, baby-boomers and over-75s. Baby-boomers and older people are the main target groups for Vesteda.

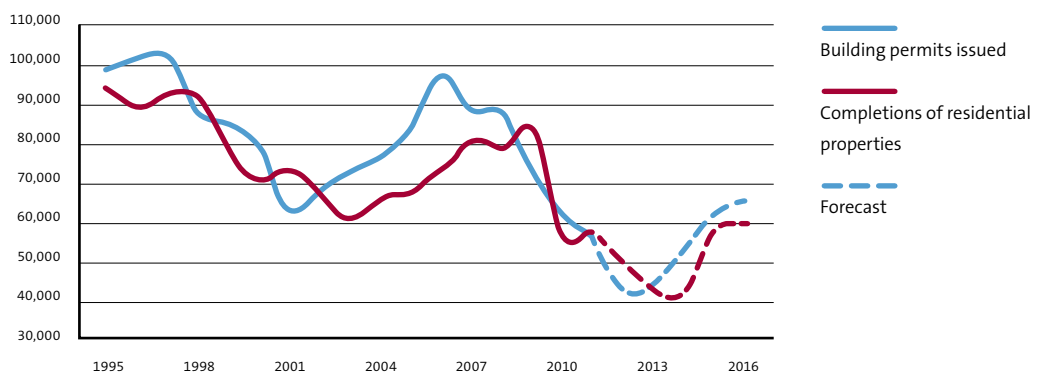
no structural recovery in building industry expected until 2015

Housing demand and house building

The latest forecast¹ suggests that almost 560,000 residential properties will have to be built between 2011 and 2020 (about 58,000 per year) to meet the growth in housing demand. The lower levels of house building in the next few years will create a rising shortage of housing in both the rental and owner-occupied sectors. The EIB is not expecting a structural recovery in the building industry until 2015. In qualitative terms in particular, a divergence will become evident between housing demand and the available stock of residential properties. An example is the availability of lifetime homes. This is, therefore, an opportunity for Vesteda.

New building and building permits issued 1995-2016

Source until 2011: Statistics Netherlands; Source from 2012 until 2014 forecast of Bouwkennis; Source from 2015 until 2016 is forecast from Vesteda



demand in the non-regulated sector rising

Operation of the market in non-regulated sector

The number of households living or wanting to live in a non-regulated rental home – housing demand – will increase almost 30% from 277,000 to 360,000 between 2012 and 2020, according to the 2012 Socrates report. The main growth is for apartments, which is logical in view of the ageing population and individualisation of the population. Consequently, based on current stocks of non-regulated rental homes, there are opportunities to optimise the residential portfolio.

The Socrates housing market simulation model shows that a significant part of the demand in the next few years will focus on the mid-rent segment. The market above € 1,200 remains a niche market. Government measures on further deregulation of the housing market and, to a lesser extent, the changes to mortgage interest relief expand the prospects for non-regulated sector rental properties.

¹ ABF Research: rapportage Socrates 2012, december 2012

fall in 2013

Prices

The fall in house prices will continue in 2013 as a result of the high supply on the housing market in relation to demand, low consumer confidence and the tighter standards for mortgages. Vesteda is assuming a fall of 5%. The recovery of the owner-occupied housing market will start later.

neutral trend in number of transactions

Transactions in the owner-occupied market

Supply on the private owner-occupied market will decline as a result of falling new house building. Private individuals will also be reluctant to sell their homes if the outstanding mortgage is higher than the value of the property. Demand will gradually increase as a result of pent-up demand. Against these positive factors are the restrictions on borrowing. As a result, the difference between bid and asking prices will remain large and owner-occupiers will find trading up less attractive. On balance the trend in the number of transactions in 2013 is uncertain and volumes are likely to be in line with the period 2009-2012.

fundamentals for residential investments are good, but market for existing complexes is not balanced

Functioning of the residential investment market

Stable cash flows from rents form a good fundamental for residential complexes in 2013. The current value of residential investments is about 80% of the sales value with vacant possession of the individual residential properties.

Despite the favourable fundamentals, the market for existing residential complexes will remain a 'buyer's market'. Supply will remain large and may increase as a result of refinancing by private investors and the increasing capital requirements of housing associations.

In the end, transactions between market players and the possible willingness of purchasers to make concessions when buying, determine the price, the value of residential complexes and Vesteda's ability to sell on acceptable terms.

Vesteda examining regional market potential

Market potential

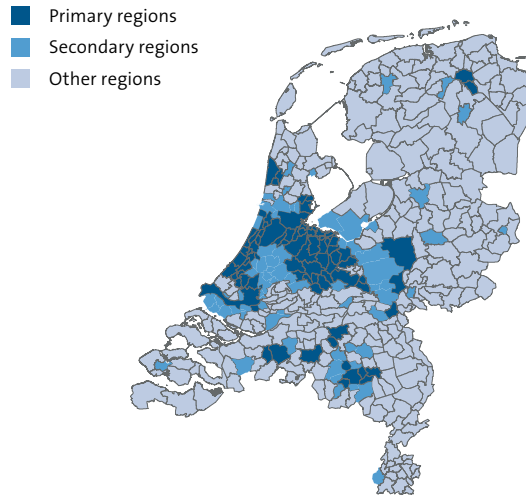
Parts of the housing market in the Netherlands have large regional differences which are often reflected at municipal level. This means that regions and municipalities may have different positions in terms of attractiveness of investment: the market potential. A high market potential offers better opportunities for favourable development of the non-regulated rental segment, of the value and rent trends and so also of the yield on the investment. Vesteda has determined this market potential from a number of indicators relating to 'economy', 'house value', 'higher rental market' and 'target groups' using historical data and forecasts. Further to the regional market potential, Vesteda has now identified the market potential of Dutch municipalities for the next few years.

greatest market potential in Randstad conurbation and Noord-Brabant

The outcome of this analysis is a map of the Netherlands showing municipalities classified by their potential. 'Primary regions' are those with the highest potential and lowest market risk. Other regions have the highest risk and, therefore, require a higher yield. 'Secondary regions' score less in some respects but are promising. Vesteda will focus mainly on primary municipalities or areas, which are concentrated in the Randstad conurbation, Noord-Brabant and Gelderland. Primary municipalities or areas have a robust economy and strong owner-occupied market, a deregulated rental market with prospects and a substantial target group.

Market potential in the non-regulated rental sector 2012-2020

source: Vesteda (2012)



CONCLUSIONS CONCERNING OUTLOOK 2013 AND BEYOND

- Both the population and the number of households will continue to increase to 2040;
- The number of older people is increasing and there will be more single-person households;
- Demand for lifetime homes is increasing; housing with a care concept will be more in evidence in the following decade;
- Vesteda's target group is and will remain substantially present in the market;
- Housing demand in the non-regulated sector will increase in the coming years;
- Greater focus on the mid-range segment (with regional price differentiation);
- Growth in the number of single-person households requires smaller homes with a rent affordable on a single income;
- Income trends limit opportunities for above-inflation rent rises. On the other hand, above-inflation rent rises in the regulated sector create scope for follow-up in the deregulated rental sector;
- Government policy is leading to increased demand at the lower end of the non-regulated sector;
- Recovery in the number of transactions and real value growth will occur in due course;
- The fundamentals for residential investments are good and the market for existing complexes is out of balance;
- The best market prospects are in regions and municipalities in the central part of the country.

CSR and sustainability

As a residential property investor, Vesteda has a long-term vision and strategy in which corporate social responsibility (CSR) plays an important role. To Vesteda, CSR is more than just saving energy or limiting CO₂ emissions. It applies just as much to good operations, reducing the overall environmental footprint and improving ergonomics and health aspects in developing or constructing and managing the property.

CSR reduces risk

We are convinced that our efforts on CSR contribute to reducing risk in the fund. CSR is an integral part of Vesteda's mission and policy and is, therefore, reflected in all its operating activities. Annex 3 on page 126 sets out the targets of our CSR policy along with the progress made.

The CSR policy is expressed in ESG (Environment, Social, Government) factors which are broken down further across three categories applicable to Vesteda:

- 1 **Working:** the operations of the organisation as a whole
- 2 **Housing:** the sustainability of our residential properties
- 3 **Living:** Vesteda's influence on society and communication with stakeholders

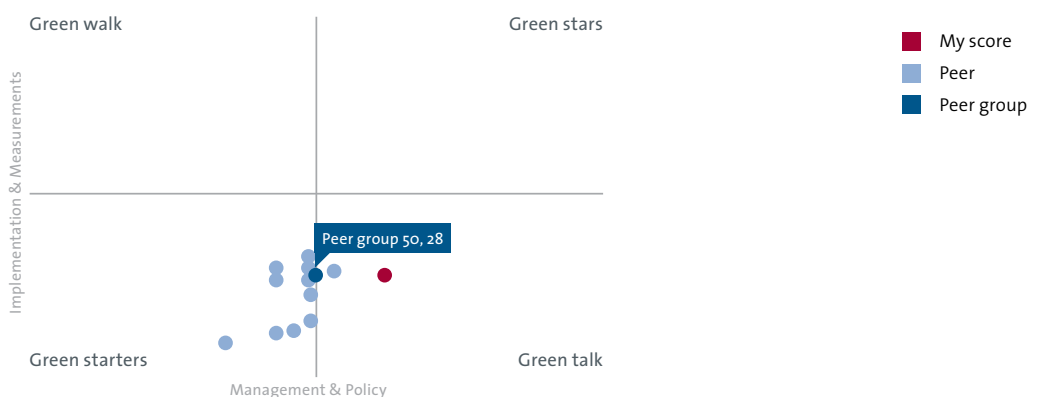
CSR ACHIEVEMENTS

winner of IP Real Estate 'Best Use of Sustainability' Award

For the second year, Vesteda has rated above average for sustainability. In 2012, Vesteda won the IP Real Estate Investor Award in the Best Use of Sustainability category. This was the first year in which IP Real Estate has widened the remit of the awards beyond Europe-based investors and the winners reflected a more global coverage.

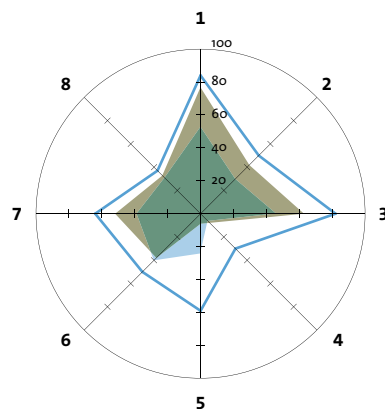
Furthermore, Vesteda was rated fifth within its peer group worldwide according to the Global Real Estate Sustainability Benchmark (GRESB) after taking first place last year. The GRESB is designed to identify the environmental and social performance of the global property sector and has developed into a widely-recognised initiative in the property sector. The environmental benchmark rates environmental management practices and their implementation so that the ratings of different property investments can be compared with corporate sustainability targets. The GRESB four-quadrant model of sustainability performance (see picture: Global overview of GRESB scores for all residential funds, 2012) provides an overview of the global sustainability performance of property companies and funds and provides each respondent with a rating designation based on its data submission. The model shows the percentage scores for every residential fund for issues related to Management & Policy and Implementation & Measurement. The four quadrants illustrate a respondent's position on the adoption of both dimensions. Vesteda is rated as a Green Talk, meaning that dedicated resources for sustainability management, comprehensive external reporting and sustainability implementation plans have been developed. More attention needs to be given to the implementation and measurement of these action plans. Closer inspection of the strengths and weaknesses (see Vesteda GRESB strengths and weaknesses figure) shows that Vesteda scored above the peer group average in seven of the eight areas.

Global overview of GRESB scores for all residential funds (2012)



¹ More information on the GRESB can be found on www.gresb.com

Vesteda's GRESB strengths & weaknesses



- 1 Management
 - 2 Policy & disclosure
 - 3 Risk & opportunities
 - 4 Environmental management systems
 - 5 Performance indicators
 - 6 Building certifications
 - 7 Social factors
 - 8 New development
- My company
 - Peer group average
 - Peer group leader

WORKING

embedding

A feature of 2012 was embedding CSR throughout Vesteda. All departments are aware of their contribution to the CSR objectives and the associated work, including CSR being a standard part of the quarterly reports and from 2013 of the Performance Management programme.

sustainable purchasing policy

Vesteda wants to record the sustainability activities of all contract parties and suppliers (for example, ISO 14001 or similar certification). This has the further objective of influencing part of the work chain and so indirectly reducing the environmental footprint. To support this, in 2012, CSR became part of the CRM system which lists contract parties and suppliers. It has shown that certification on companies or activities actually is still sporadic. Sustainability is often, therefore, only included qualitatively in purchasing considerations.

sustainable IT policy

Vesteda increasingly aims to support cooperation and its process workflows digitally. In 2012 this specifically included SharePoint applications, implementation of acquisition monitoring systems, video-conferencing between offices (Amsterdam head office, Amsterdam AtlasArena and Maastricht) and the start of digital invoice processing. The server applications were also updated and relocated, creating an increase in the IT speed and a reduction in energy consumption in the server spaces.

By deliberately offering computer equipment that is no longer in use, Vesteda is encouraging re-use of raw materials by selecting companies that recover the raw materials in equipment or offer it on the second-hand market. For example, in the past year, 60 monitors were disposed of and recycled by an external company.

'New style working'

'New style working' is a term that Vesteda uses for flex-work (flexible workspaces with IT facilities – server-based computing) for which there is increasing demand by employees. The ability to work from home was developed further during the past year. On average about 20 employees log-in from home on any given day.

office accommodation

New office accommodation has to contribute to minimising the environmental footprint. In 2012, Vesteda chose two new offices in Amsterdam which both contribute to this policy. The new head office and the new Property Management office are close to public transport hubs and use the latest technology such as smart meters, light sensors and well-regulated ventilation systems. The head office has an energy classification A and the Property Management office has an energy classification C.

car lease policy

A new car lease policy based on green motoring and specifying maximum CO₂ emissions (diesel 140 g/km, petrol 160 g/km) was implemented in 2012, responding in part to the conversion of energy classifications to CO₂ emissions. Vesteda's ultimate ambition is to achieve a maximum of CO₂ emissions of 140 g/km. At the end of 2012, 76% of the lease cars had an A or B classification. An internal survey showed that the choice of a lease car is increasingly cost based. In addition, 60% of the employees are reducing car use by walking or cycling more.

performance cycle

It was decided in 2012 that CSR would become a standard part of the Performance Cycles programme from 2013 to meet the wish to integrate CSR at all levels in the organisation in a way suitable to each job group. Twenty percent of the variable long-term income of the Managing Board is determined by the realisation of CSR objectives. In 2012, 12.3% of the total variable remuneration was CSR related.

HOUSING

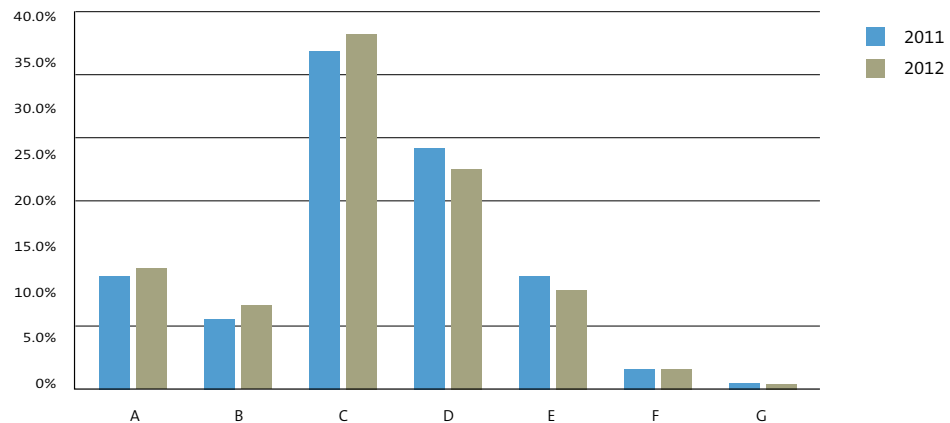
housing worth living in

We are aiming for 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 want to be. This puts demands on the design, development and letting of the homes and the areas where they are situated and this leads to satisfied tenants, higher rental income and lower tenancy turnover. These elements are growing in importance in the portfolio strategy.

core portfolio energy classification

Over the years, a variety of work has been performed on the residential properties that affects the energy classification. For this reason, the energy classification of 3,000 residential properties was reassessed in 2012. Not all residential properties younger than 10 years yet have an energy classification, although they are given a notional classification based on year of construction. At the moment only five complexes in the core portfolio have homes with an energy classification worse than E. As a result of all the measures being taken, we are achieving our target set out in the CSR policy: average energy classification C in the core portfolio (average EI: 1.53)

Energy classification in the core portfolio – based on classifications issued and construction year classifications energy conservation measures



The following energy conservation measures were implemented during 2012:

Energy conservation measures

Number of properties	2012	2011
Under-floor insulation	40	6
High-efficiency glazing	402	410
Cavity-wall insulation	1	2
Roof insulation	100	7
High-efficiency boilers	746	638
Total	1,289	1,063

The aim is further improvement of the portfolio in the next few years, focusing on residential properties with an energy classification worse than D. The speed that such can be achieved depends on the potential yield in combination with the willingness of tenants to co-operate.

common spaces

Opportunities for savings and green sources of the energy used in the communal spaces have been assessed since 2010. The most sustainable solution, for example LED lighting, is always chosen for repairs and replacements. Consumption according to INREV sustainable reporting guidelines is set out below. Vesteda has national 'green energy' contracts with power companies to supply vacant properties with power. In addition there is structural focus on sustainable energy purchases for the multiple-residential properties. In 2012, Vesteda purchased 10,000 MWh of energy for 65% of the multiple-residential properties' portfolio. The amount and speed of purchasing the remaining 35% depends on the participation of residents' associations.

INREV sustainable performance measures - absolute measures	absolute measures				like for like		
	2009	2010	2011	2012	2009	2010	2011
Energy							
Total energy consumption from electricity (kWh) (GRI: EN4)	14,684,769	22,161,655	5,116,797	NYA	3,289,950	3,272,561	3,029,743
Total energy consumption from district heating and cooling (kWh) (GRI: EN4)	0	0	0	NYA	0	0	0
Total energy consumption from flues (kWh) (GRI: EN3)	33,951,972	68,916,641	12,380,270	NYA	2,830,831	3,292,416	2,429,822
Total direct and indirect (kwh)	48,636,741	91,078,297	17,497,067	NYA	6.120.781	6,564,977	5,459,565
Greenhouse Gas							
Total direct greenhouse gas emissions by weight ¹	2,276	2,252	2,228	NYA	2,040	2,373	1,746
Total indirect greenhouse gas emissions by weight ¹	31,770	61,503	10,020	NYA	2,245	2,223	2,075
Total direct and indirect greenhouse gas emissions by weight ¹	34,046	63,755	12,248	NYA	4,285	4,595	3,822
Water							
Total water withdrawal by source (GRI: EN8)	NA	NA	NA	NA	NA	NA	NA
Waste							
Total weight of waste by disposal route (GRI: EN22)	NA	NA	NA	NA	NA	NA	NA
Percentage of waste by disposal route (GRI: EN22)	NA	NA	NA	NA	NA	NA	NA
Corresponding floor area ²	998,099	1,124,099	613,538		213,101	213,101	213,101
Percentage covered in portfolio	39%	44%	24%		9%	9%	9%
No assets included in disclosure	127	137	76		23	23	23

Note: measures can only be taken of common spaces

NYA (Not yet available)

NA (Not available)

GPR

Investments in new buildings are assessed using the GPR building tool. All projects in the pipeline have now been assessed using this method. One complex will also have a BREEM certificate on completion.

Amsterdam Ordnance Datum

A survey was conducted in 2012 to establish how many complexes are situated above and below Amsterdam Ordnance Datum (mean sea level). 70% are above it and those which are below are not in flood plains or areas susceptible to flooding.

¹ Metric tonnes CO₂ / GRI: EN16

² total m² of the apartments corresponding with Assets

LIVING

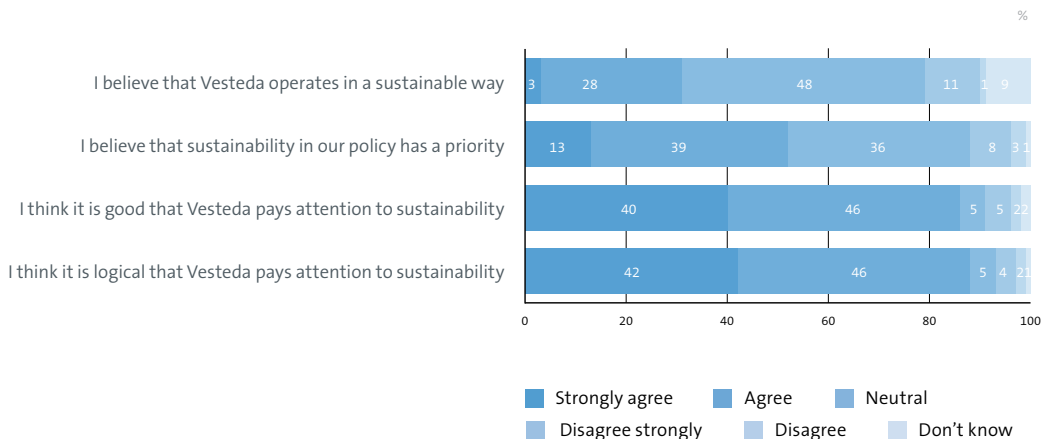
communication with tenants

In the past three years, Vesteda has communicated with its tenants on sustainability in relation to waste and the reduction of energy and water consumption and with information on the energy classification. From 2013, Vesteda will state the energy classification of residential properties for let on the website and tenants will be given information together with their leases on the energy classification of their home. In addition, sustainability has been a standard part of the tenants' monitor since 2012 (see Annex 4 on page 133). Communications flow through the tenants' platform, in regular surveys and on the website.

employees

Vesteda believes internal communications on sustainability are just as important as communications with outsiders on this subject. This is done by intranet, reports and emails. Further to a survey in 2010, Vesteda examined the influence of the CSR policy on its employees at work and in their personal lives for the second time in 2012. One of the conclusions is that cost saving is a significant motivation to save energy both at work and in their private lives. Contributing to a better environment is also often referred to but, compared with 2010, is the driving factor for fewer employees both at work and in their private lives. In addition, the number of employees who see sustainability as a priority for Vesteda has risen from 38% to 52%. Sustainability plays a role more often in the private lives of employees than at work. 60% of employees revealed they are busy with sustainability in their private lives every day or several days a week. At work this applies to 50% of employees. Compared with 2010, both the number of employees busy with sustainability in their private lives or at work every day or several days a week has barely changed.

Sustainability survey among employees



cooperation

Real progress can only be made by working together and so Vesteda plays an active role in various initiatives to contribute to a better environment and minimising its environmental footprint. An example of this is the contribution to the IVBN Sustainability Taskforce. Vesteda is also a participant in the Dutch Green Building Council, a member of the National Renovation Platform and Founding Partner of the Green Business Club Zuidas.

GRI guidelines

To create transparency in its CSR policy, Vesteda follows the guidelines of the Global Reporting Initiative (GRI) and specifically the Construction Real Estate Sector Supplement (CRESS). Over 2012, Vesteda has reported at GRI CRESS level C. The report covered 14 KPIs which have not been audited by independent qualified bureaus. The reporting for the current year is at level B (see Annex 3 on page 126). This level of reporting also meets the EPRA and INREV guidelines for sustainable reporting. The aim is to raise this to level B+ (externally qualified) for 2013.

Staff and organisation

Major features of 2012 for the staff and organisation were the implementation of the reorganisation and further cost savings. The restructuring of Vesteda Investment Management, including centralising the Property Management department as well as the scaling down of Vesteda Project Development in line with the activity level led to a fall in staff numbers.

WORKFORCE

17% reduction in workforce in 2012

The workforce fell sharply. On 31 December 2011 Vesteda employed 305 FTEs; this had fallen to 253 by the end of 2012.

Employees

FTE	2012	2011	2010	2009	2008
	Ultimo	ultimo	ultimo	ultimo	ultimo
Year-end	253	305	332	346	337
Annual average*	275	322	331	344	322

* average of 12x month-end balances

Vesteda's personnel

year-end

FTE	2012	2011	2010	2009	2008
Investor	76	99	108	110	108
Property Management	168	189	201	203	193
VIM	244	288	309	313	301
Vesteda Project Development bv	9	17	23	33	36
Total Vesteda	253	305	332	346	337

Employees

FTE	2012	2011	2010	2009	2008
Investor	84	108	119	120	118
Property Management	193	221	236	239	223
VIM	277	329	355	359	341
Vesteda Project Development bv	10	17	23	34	37
Total Vesteda	287	346	378	393	378

The number of employees fell from 346 at year-end 2011 to 287 at year-end 2012.

average age of employees increases slightly

The average age rose from 42.5 years in 2011 to 43 years in 2012. Much (38%) of the workforce is between 35 and 45 years old. The under-35 group has fallen to 20% and the 45 to 55 year group is 28% of the total workforce. In total, 14% are 55 or older.

Workforce, by age

Percentage of employees	2012	2011	2010	2009	2008
	%	%	%	%	%
younger than 35 years	20	23	28	31	32
35 to 45 years	38	36	34	33	32
45 to 55 years	28	27	25	23	24
over 55 years	14	14	13	13	12
total	100	100	100	100	100

53% female, 47% male

The male/female ratio barely changed. At 53%, women are in a majority.

Workforce, by gender

Percentage of employees	2012	2011	2010	2009	2008
	%	%	%	%	%
male	47	46	46	46	47
female	53	54	54	54	53
total	100	100	100	100	100

In 2012, 27 new employees joined Vesteda (50% female/50% male) and 86 employees left (55% female/45% male), including some who had fixed-term contracts which were not renewed and some who were made redundant as a result of the cost savings. 6% of the employees went on maternity leave with an average length of 112.6 days.

Payroll

The payroll fell to € 16 million in 2012, compared with € 18.4 million for the previous year. Although very few payroll savings were evident in 2011 because the reduction in staff numbers occurred only very late that year, the reduction as a result of the restructuring can thus be clearly seen in 2012.

Bonuses

Vesteda has a bonus scheme with a collective component including criteria such as the realised result, customer satisfaction, sales of residential properties with a rent > € 1,000 and sustainability. The variable remuneration also includes an individual component and in some cases a team target component. Variable remuneration is only paid, in full or in part, if Vesteda's realised results sufficiently meet the targets. This requirement was met in 2012.

Organisational changes

From April 2012, the restructuring was implemented in all departments in the organisation:

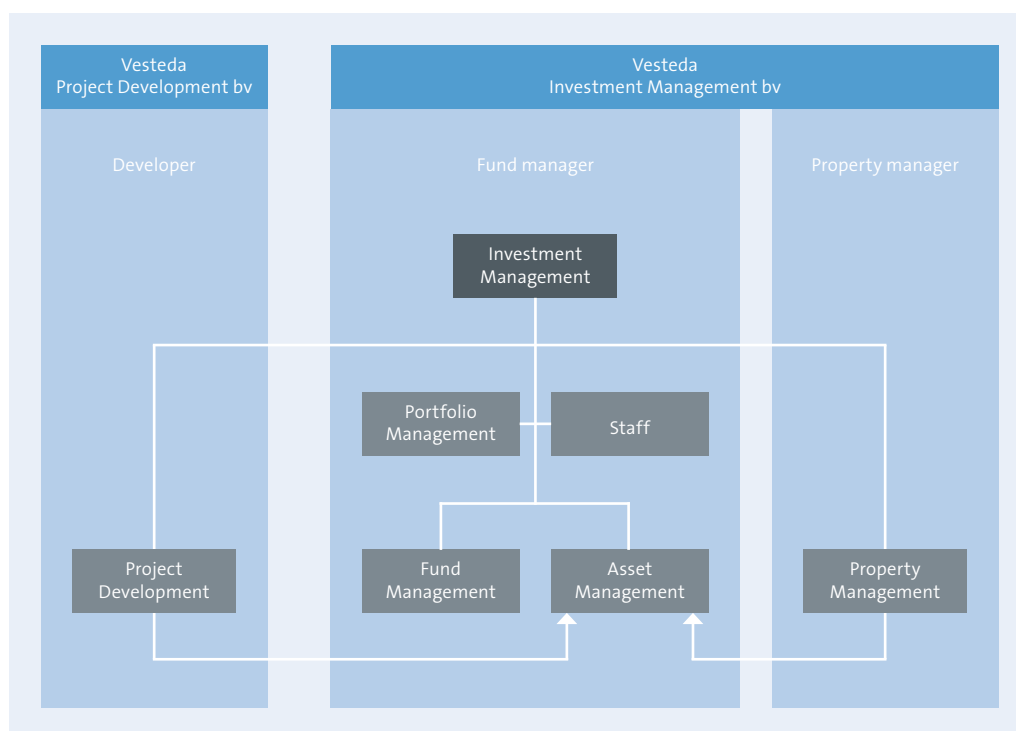
- Vesteda's head office was relocated to Amsterdam. Various back-office activities remain in Maastricht.
- Property Management is operating on the basis of market-conform contracts.
- Project development is being run down.
- Management expenses have been reduced.
- The organisation structure has been brought into line with the new situation and various departments have been merged or re-arranged.
- Corporate Housing activities were sold as per 1 January 2013.

The reorganisation is now largely completed. Employees losing their position were eligible for the social plan, which provides for redundancy pay and out-placement.

organisation structure

Processes have been clustered into departments based around the core activities and focused on bundling expertise and efficiency in implementation. This has resulted in the creation of the following departments: Asset Management, Portfolio Management, Fund Management and the head-office departments. The number of employees required for the processes in each department was determined. 2012 was a transitional year in which work was scaled down or transferred. The transition will take longer in some units such as project development at Vesteda Project Development bv, while the portfolio is being scaled down. For Property Management this means that in the new organisation, operational work and processes are no longer integrated with the rest of the organisation and that management work will be separated in 2012 and 2013.

NEW ORGANISATION



opinion requested from
Works Council

On 17 October 2011, the Managing Board submitted a request to the Works Council for an opinion on the restructuring. The Works Council was assisted by an external agency.

final decision on restructuring
on 12 March

The Managing Board held lengthy discussions with the trade unions, the Works Council and other stakeholders on the request for opinion and the social framework. The Works Council issued a positive opinion on 8 March 2012. With the substantive opinion of the Works Council, a Social Plan was also agreed with the unions. The Managing Board then made the final decisions on the restructuring on 12 March.

Subsequently, individual interviews were held in which managers explained the personal consequences for employees. During these interviews, a number of employees learnt that their job was being lost as a result of the restructuring, others were told about the relocation of their work and a number of employees discovered that there would be no change in their position. A second round of interviews was held a few weeks later when HR addressed the consequences of the loss of a position or relocation more specifically.

The new vacancies were announced in April 2012. New jobs in the new organisation and vacancies as a result of employees not moving to the new location of their job were published internally. Employees who would soon be made redundant or whose relocation would be implemented quickly had priority in the application process. This led to several internal appointments. A number of vacancies were not applied for and these were filled externally, some on an interim basis for the progress on the work. Unfortunately, a number of employees could not be re-employed internally and made use of the Social Plan, including outplacement services. 24 employees have agreed to the relocation of their work.

Objection and Monitoring
Committee set up

The Objection and Monitoring Committee was set up in May 2012 as agreed in the Social Plan. It has two external members representing the employer and employees and is chaired by an independent third party. The Committee will operate for the period of the Social Plan (to 1 July 2014). The Committee considered nine objections and made recommendations on seven in 2012. Two objections were withdrawn by the employee while being considered. The Managing Board followed the recommendation of the Committee in every case.

EMPLOYEE DEVELOPMENT AND TRAINING

Management Development programme in 2013

In 2012, € 180,876, or 1.13% of the gross payroll, was invested in the development of individual employees and the teams. The training budget was frozen from mid-2011 to mid-2012 in connection with reducing costs and pending the training requirements on implementing the new plans in 2012. A Management Development programme will be started in 2013.

sick leave rises to 5.5%

Sick leave

Sick leave rose considerably in 2012 to 5.5% including long-term leave and 4.8% excluding long-term leave. This was in line with expectations in a period of restructuring and the resultant high level of uncertainty.

Sick leave at Vesteda

percentage

	2012	2011	2010	2009	2008
	%	%	%	%	%
Sick leave total	5.5%	3.9	4.1	3.6	5.6
Sick leave excluding long-term leave (> one year)	4.8%	3.6	4.1	3.5	5.0

collective bargaining agreement ended

The Managing Board terminated the collective bargaining agreement with effect from 2013. This was a natural conclusion following the developments at Vesteda. The strongly reduced size of the organisation does not justify all working arrangements being determined down to the smallest detail.

positive critical attitude of the Works Council

Works Council

As in previous years, the discussions between the Managing Board and the Works Council were constructive. Discussions were extremely intensive, especially in the early part of the year, during the opinion process on the restructuring. The Managing Board submitted a request for opinion to the Works Council on 17 October 2011 and the Works Council issued its opinion on 8 March 2012.

With the ending of the collective bargaining agreement, the Works Council was asked to consider its role in respect of development of employment conditions.

Outlook and management agenda

MARKET OUTLOOK

favourable prospects for the non-regulated rental market for the next few years

Prospects for the non-regulated rental market in the next few years are good. As well as demographic trends, the government's housing market policy will lead to higher demand in the non-regulated sector. Housing consumers have a growing preference for renting compared with owner-occupation as a result of the increased insight into the benefits and disadvantages of renting compared with owning a home.

fall in prices in 2013

The fall in house prices will continue in 2013 as a result of the high supply on the housing market in relation to demand, low consumer confidence and the tighter standards for mortgages. Vesteda is assuming a fall of 5%. The recovery of the owner-occupied housing market will likely start in the years after 2013.

main effect structural reforms mid-February 2013: limitations on individual borrowing and new rent policy

Limitation on borrowing

The government's proposal is to restrict the types of mortgage. Organised repayment of the loan is a condition for tax benefits on new loans. As a result, the average monthly expenditure of private owner occupiers has risen and the maximum finance available for any given income has fallen.

New rent policy

The system of income-related rents for the regulated rental sector will remain in place for the next two years. It has also been agreed that the rent will be cut if the income falls. The levy on landlords remains in place although some concessions have been made on the total amount to be raised: € 1.7 billion in 2017. Regulated residential properties owned by institutional investors are still covered by the levy.

2013 will bring greater clarity in the actual application of the proposals. For the time being it seems that there is clarity on the housing market but it has to be seen whether this will remove the uncertainty of housing consumers.

TARGETS FOR 2013

maximisation of direct yield

Direct yield, which can be influenced in the short term, will be maximised by an efficient and effective organisation. Asset Management and Property Management will be deployed in the right combination, making the best possible return on assets. During 2011 and 2012, Vesteda optimised its internal organisation. The full effects of this will be seen in 2013.

above inflation increase in value in the long-term

By creating the right portfolio, with attention to region, rental segment, sustainability, age and type of housing, management will focus on an above-inflation trend in value in the long-term. In order to achieve this, Vesteda is following an active rejuvenation strategy in which 5% of the portfolio on average is sold each year, creating scope for acquiring those product-market combinations where Vesteda sees good long-term prospects for increases in value. Vesteda has defined clear plans for a complex policy for the existing portfolio based on which the desired investment in sustainability and greater enjoyment for our tenants will be made in 2013.

diversification and reduction in loan capital

Vesteda's financing strategy is to reduce long-term leverage in absolute and relative terms to 30% and to diversify its loan capital portfolio in terms of instruments and maturity. The € 125 mln debt repayment and the CMBS modification in 2012 were significant milestones in the execution of this strategy. In 2013 Vesteda plans to refinance the € 625 mln A8 notes and already has a commitment from a bank consortium, consisting of ABN Amro Bank N.V. and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. In addition, Vesteda expects to repay and partially refinance the maturing A6 notes, in order to further reduce its debt level in absolute terms. Vesteda will refinance part of the mortgage loans with a new 5-year facility for which bank commitment has already been obtained.

Summary of targets

<i>Performance indicator</i>	<i>target 2013</i>
Investment	
Letting portfolio energy classification	LT target 2015: C (EI: 1.50+)
Gross rental income per property	increase
Property operating expenses	24.5-26%
Management expenses (basis points)	34-36 bps
Net rental income	4.4-4.7%
Net rental income per property	increase
IPD-Netherlands 'All Residentials'	above benchmark
Management/letting	
Occupancy rate	95% or higher
Rent rise (nominal)	at least inflation
Customer satisfaction	7.0 or higher
Equity creation	
Realised yield	4.3-4.5%
Distribution to investors	realised yield ¹

MANAGEMENT AGENDA FOR 2013

risk management

Vesteda pays great attention to risk management as set out on pages 70 to 73 of this annual report. In 2012, as in 2011, the Managing Board has issued a general 'in control' statement. Vesteda will continue to invest in its risk management so that the same conclusion can be reached on the coming financial year. Consequently, Vesteda made an early start on assessing implementation of the Alternative Investment Fund Managers Directive (AIFMD), which will apply to the entire industry. The first licences will be issued by the Netherlands Authority for the Financial Markets in July 2013 at the earliest. Vesteda aims at bringing its internal processes, remuneration policy and risk management entirely in line with the provisions of the AIFMD in 2013 so that the licence can be obtained during the year.

training programme

Vesteda will start a company-wide training programme in 2013. The priorities are professionalising services to institutional investors, optimising cooperation and developing talent as a magnet for current and future employees.

Property Management

Measures will once again be taken in 2013 to reduce operating costs of the property management activities. Investments in the technical infrastructure of Property Management will further improve the excellent service provided by this operating unit so that other residential investors as well as Vesteda Residential Fund can use these services in 2013. Technical management, letting, communication and tenant satisfaction will also have the full attention of our property managers in 2013 so that our tenants can be assured of the right level of service.

Project Development

The development portfolio is gradually declining. The Project Development organisation is being reduced accordingly. Vesteda will retain part of this expertise in 2013 and use it for acquisitions and supervision of developments by third parties.

sustainability

Vesteda has defined clear CSR objectives for its portfolio, energy-efficient internal processes and awareness among its tenants and employees for 2013. In this way, Vesteda underlines the importance of sustainability for an active residential investor.

¹ Excluding the result on disposals

Care Fund

Vesteda sees great potential in the residential care segment. As the population ages, there will be an increase in the average age and the extramuralisation of care is increasing demand for homes and types of housing for older people. In the future, ageing people will have different housing requirements and may need support in day-to-day life. This group is on average more prosperous and assertive, wants to remain living independently for as long as possible, wants services on call and tailored care and is prepared to pay extra for this. As a result of the combination of the specific know-how and operational experience that Vesteda has in serving this target group in its existing property portfolio and the increasing demand in the market for opportunities to invest in a fund that focuses specifically on residential care, Vesteda explores the possibilities to set up such a fund with a clear focus in this area.

active Investor Relations policy

In 2013, Vesteda will move forward in implementing its strategic agenda, as outlined above. This has been agreed in full with the investors in the Vesteda Residential Fund and serves their aims: a stable dividend policy based on direct yield with a limited risk profile. In order to offer this proposition to institutional investors in 2013, Vesteda restructured and professionalised its Investor Relations activities in the final quarter of 2012.

FINALLY

We are pleased that our tenants and buyers have chosen Vesteda's service and housing. We are grateful for the trust of our investors and value the involvement of the members of the Supervisory Committee. Above all, we would like to thank our employees for their efforts and enthusiasm.

Amsterdam, 11 March 2013
Managing Board

A.J.M. Schakenbos
L.A.S. van der Ploeg



Report of the Works Council

Report of the Works Council

The focus of the Works Council in 2012 was on organisational change: the opinion on restructuring of Vesteda Investment Management (VIM), the Property Management business plan and the sale of Corporate Housing. The Works Council also dealt with normal strategic and operational business and other activities and developments of importance to it.

staff reductions and restructuring

The details of the reorientation led to a request for an opinion on the changes to Vesteda's strategy and the new top-level structure in the autumn of 2011. The impact of this proposal on the organisation and the staff level was and is far-reaching. In that context, the Works Council opted to have intensive contact with the trade unions and to use external expertise. As prudence had priority over speed, the Works Council was unable to offer a substantive opinion on this proposal until March 2012. The Managing Board moved to implementing the proposal within the framework set in the opinion. Progress on the restructuring was a recurring item on the agenda in the consultative meetings. The implementation of the restructuring and associated social framework is being overseen by an Objection and Monitoring Committee. One of its three members was appointed on a nomination of the Works Council. The Committee outlines its findings monthly to the Works Council. In this context, the Works Council also evaluated its own functioning and that of its external advisers and shared this with those concerned. The Works Council hopes to use the areas of improvement to benefit future processes.

separate Property Management business plan

One of the strategic choices was to spin off Property Management. To this end the management drew up a separate business plan which prepared and shaped the autonomous operation of this department. This business plan, which showed the appropriate ambition, was discussed with the Works Council in mid-2012. The challenge for the management was to set up a competitive organisation that could match other property managers in all respects.

other opinions

The Managing Board's decisions to end Corporate Housing activities took a different route with the transfer of these activities and the staff (seven employees) to a new joint venture with VB&T and Camelot. The employees thus retained their jobs. As the Works Council was faced for the first time in its existence with a transfer of business, it sought external legal advice. The Works Council then issued a favourable opinion.

Besides the above opinions on the restructuring of VIM, Property Management and sale of Corporate Housing, the Works Council issued the following opinions in 2012.

opinions on office accommodation

As a result of the end of its lease, VIM sought new offices in mid-2012 and found them in the SOM2 building on the Amsterdam Zuidas. Property Management did not move in with VIM but found its own offices in the Atlas building in Amsterdam Zuidoost. It was decided to concentrate all activities in Maastricht in the office at Plein 1992. In all three cases, the Works Council issued favourable opinions.

refinancing 2012

The Works Council issued a favourable opinion on the repayment and partial refinancing of € 750 million.

restructuring and tax structure

The Works Council issued a favourable opinion on the proposed legal restructuring to make it easier for investors to join and leave the Vesteda Residential Fund.

The Works Council held eight scheduled consultative meetings with the Managing Board in 2012. The meeting on 19 June was attended by Ms Insinger and Mr de Boo of the Supervisory Committee. There were also frequent meetings between the executive management of the Works Council and the Managing Board.

discussions and communications with employees

The Works Council – partly as a result of the proposal for restructuring – held 13 meetings and a day 'off site', supported by an adviser from Odyssee. The Works Council also had frequent and intensive contacts with the trade unions and external advisers.

Communications with employees took various forms. The unions and the Works Council exchanged thoughts on the restructuring proposals in various meetings with the staff. During the past year, the Works Council also held talks with specific groups of staff, such as Project Development bv, Facility and Corporate Housing.

The Managing Board decided to terminate the collective bargaining agreement from 1 January 2013 in its intention to reach a company agreement with the Works Council. The unions consulted their membership on this and the result was that 70% of the members thought the negotiations on employment conditions should be undertaken by the unions and not the Works Council. The Works Council agreed to this view that it should not be a party in such negotiations.

change in target remuneration There were discussions with the Managing Board on changes to the criteria for granting target remuneration; the new approach is that the realised result would be a determinant alongside the targets.

lease scheme The Works Council agreed a new car lease scheme with the Managing Board. Sustainability and 'green motoring' guide the choice of car and environmental aspects (CO₂ emissions).

mortgage facility Vesteda's employees have always been able to use a mortgage facility. Now that the Dutch Tax Administration no longer permits a tax-free discount, the Managing Board has proposed a three-year transitional arrangement.

membership of the Works Council For some time, the Vesteda Works Council has had nine members. Three members left during the past year as a result of the restructuring. The vacancies could have been filled by candidates who were not elected to the Works Council during the last elections. Regrettably they declined a seat on the Works Council. After lengthy consultations, the Works Council decided not to organise interim-elections and will continue with its current membership in its final year in office.

agenda 2013 In addition to more day-to-day matters such as mandatory working time reduction days and the meeting schedule for 2013, the Managing Board put forward other subjects and/or requests for opinion. Standard agenda items are the annual report and budget. Ongoing matters moved to the new year and on the agenda in 2013 are discussion of 'New style working' and the employment conditions. In due course the new expense allowance scheme will be discussed and the Works Council will consider a new code of conduct and whistle-blower's regulations. To maintain its skill level, the Works Council followed a two-day training course at the end of January. 2013 is the Works Council's final year of its term of office; elections are planned for October 2013. The Works Council will put together an elections committee ahead of this to prepare and supervise this process.

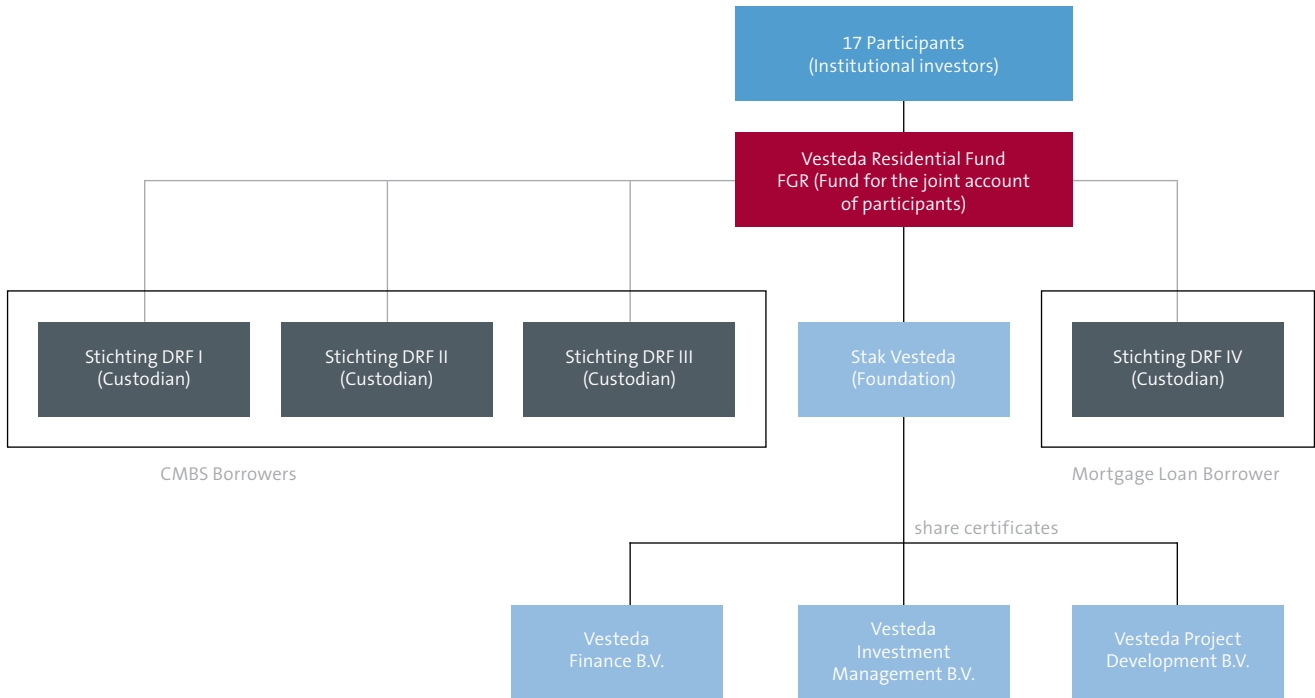


Corporate Governance

Legal and tax structure

From February 2012 Vesteda had the legal structure below, set out in the Fund Terms and Conditions, so that investors may join at one level.

LEGAL STRUCTURE AT 31 DECEMBER 2012



mutual fund

Vesteda Residential Fund

In 2012, the legal structure of Vesteda transformed. Vesteda is now a mutual fund. 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 nature structured as they require. Investors always join or leave the fund through the fund manager: Vesteda Investment Management bv. 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 bv and Vesteda Project Development bv are exercised through an enduring power of attorney granted to Stichting Administratiekantoor Vesteda.

Vesteda Investment Management bv (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.

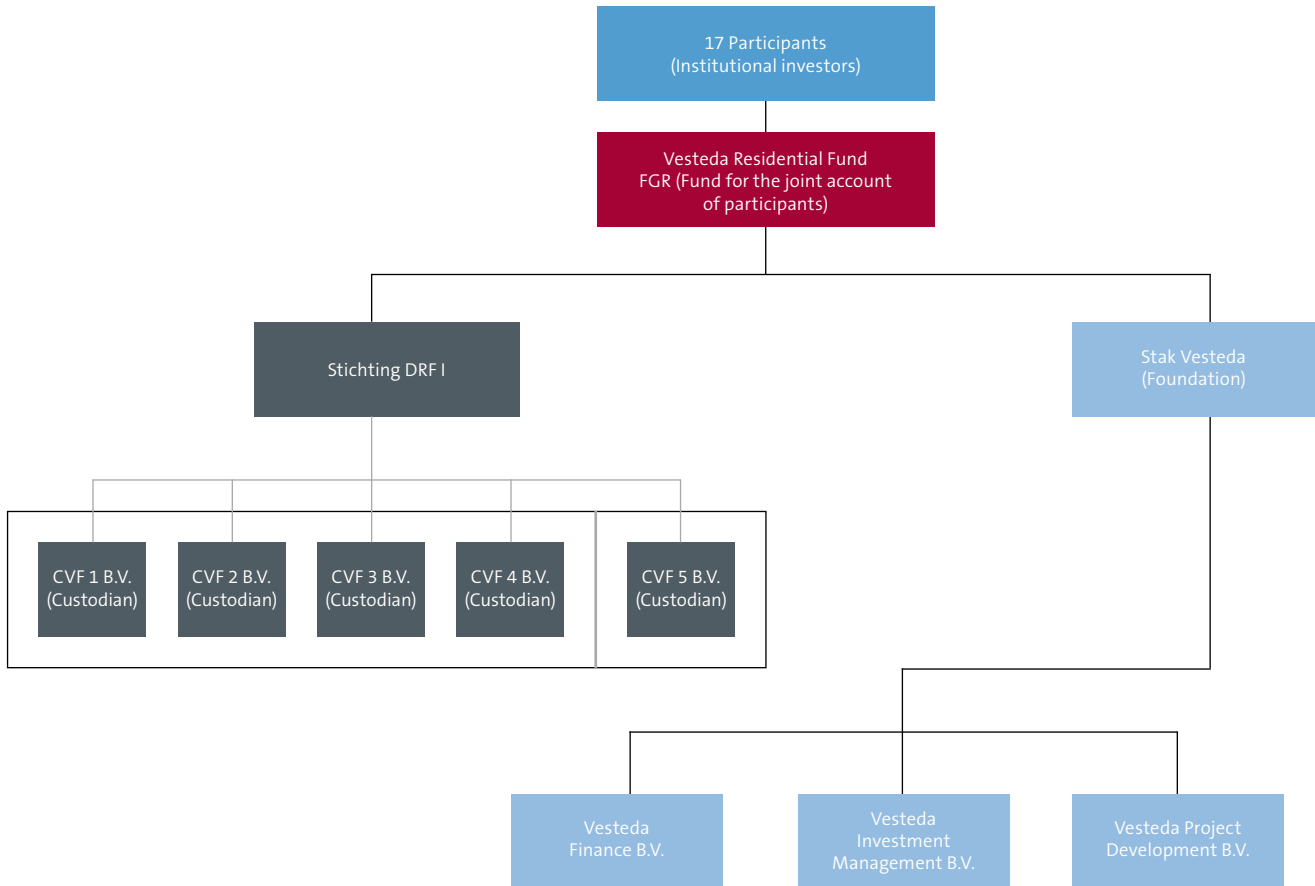
Vesteda Finance bv and Vesteda Project Development bv

Vesteda Finance bv will undertake Vesteda's financing activities on behalf of the fund. Vesteda Project Development bv 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. In 2012, it proved possible to reallocate individual properties to the various custodians for tax purposes, making it possible to finance the fund flexibly if desired by allocating collateral to one of the custodians. For this reason the structure was altered with effect from January 2013.

LEGAL STRUCTURE FROM 1 JANUARI 2013



Corporate Governance

Vesteda Residential Fund is an unlisted mutual fund 'managed' by Vesteda Investment Management bv. Its objective is to create long-term value for investors.

compliance with Corporate
Governance Code

Dutch corporate governance code

The Dutch Corporate Governance Code has been mandatory for listed companies since 2009. The Corporate Governance Code Monitoring Committee prepared a further report on compliance with the Code in December 2012. The Committee's terms of reference are to ensure that the Code is practicable and up to date and to monitor compliance by Dutch listed companies.

The code is not mandatory for Vesteda Residential Fund, as it is unlisted. Although this means that parts of the Code cannot be applied directly, the Supervisory Committee and Managing Board endorse the best-practice provisions for Vesteda.

VRF

Legal structure

Vesteda's legal structure was significantly altered in 2012 (see the section on legal structure on page 66). Investors, members of the Supervisory Committee and the manager see the new structure as tax efficient and commercially effective. Investors have agreed to continue their investment in Vesteda within this new structure. It has become easier for new investors to join and leave the fund.

Participants in VRF

Participants consent is mainly required for resolutions relating to appointment and operations of the manager, the Supervisory Committee, the Business Plan and any investment exceeding € 75 mln. Furthermore, consent is required for the appointment of the Auditor and any amendments to the Terms and Conditions.

authority

Supervisory Committee

The Supervisory Committee supervises the policies and functioning of the manager and the general affairs of the business. In this sense, the Supervisory Committee evaluates the performance of the manager.

All decisions with a value of € 10 mln or more must be approved by the Supervisory Committee. The Fund Terms and Conditions also list other specific decisions requiring the Supervisory Committee's approval.

membership and appointment

The Supervisory Committee has at least 5 members. It aims to achieve the best balance in its membership between knowledge and experience in the various areas of management, compliance, risk management, financial reporting and knowledge of property and investment. All resolutions of the Supervisory Committee shall be adopted by a simple majority.

The members of the Supervisory Committee have a four-year term of office which may be renewed for a second four-year term.

The resignation schedule is:

Mr de Boo, chairman, end of second term May 2015

Ms Insinger, end of first term January 2014

Mr de Die, end of first term April 2015

Mr Kok, end of first term July 2015

Mr Pars, end of first term March 2016

remuneration of the
Supervisory Committee

The annual remuneration of the chairman and members of the Supervisory Committee is based on competitive compensation derived from a labour market survey. The General Meeting of Participants set the remuneration at € 44,000 for the chairman of the Supervisory Committee and € 31,000 for the members. All members also receive an expense allowance of € 2,500. These amounts are fixed, not indexed and payable annually.

conflicts of interest

If there could be a conflict of interest at any time during a request for the approval of a proposal, there are discussions with the participants concerned, the General Meeting of Participants, the chairman of the Supervisory Committee or the manager to ensure proper action is taken with respect to the consultations or other action. This has been incorporated in the Fund Terms and Conditions.

VIM

Manager

The fund Terms and Conditions entrust the management and operations to the manager: Vesteda Investment Management bv. It exercises its duties exclusively in the interests of the investor and is responsible for ensuring that the fund is managed and operated and that the fund's assets are managed. If there could be a conflict of interest at any time during a request for the approval of a proposal, there are discussions with the participants concerned, the General Meeting of Participants, the chairman of the Supervisory Committee or the manager to ensure proper action is taken with respect to the consultations or other action. This has been incorporated in the Fund Terms and Conditions.

appointment

Contracts of employment with members of the Managing Board are for fixed periods, meaning that appointment is in line with the four-year terms set in the Corporate Governance Code.

remuneration

The annual remuneration of the members of the Managing Board is derived from a labour market survey by an external firm commissioned by the Supervisory Committee. The reference group consists of comparable Dutch institutional property funds or property asset managers.

In addition to a basic salary, the Managing Board may earn a variable component, comprising an annual incentive ('target') and a long-term incentive over three years.

The contracts of employment specify severance pay arrangements. With effect from 2010, the severance pay under these contracts is limited to one year's basic salary.

Information on remuneration of the Managing Board is stated in the annual report on page 110.

ethics

The regulations as a whole meet the current ethical requirements customary in the market.

Risk management

Vesteda has fully incorporated risk management into its operational processes. It has implemented a risk management framework suited to its 'core' fund risk profile and reaching all levels and lines of business in order to assure 'in control' performance. Vesteda's Managing Board performs regular checks on the operation of the controls and strives to continuously improve and optimise the risk management process.

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 but to obtain information in order to respond as good as possible to opportunities and threats. Vesteda believes it is very important for risk management to be an integrated part of good operations at the strategic and operational levels. In this way, Vesteda's stakeholders such as employees, investors and lenders can accept that the business is run in a controlled way, focusing on continuity of business activities with results that justify the risk profile.

Focus on prompt identification

The purpose of the risk management and internal control systems is to promptly identify significant risks and to assess and manage them in order to achieve business targets in line with the overall strategy and targets in the business plan. It is not impossible that risks which have not currently been identified or which are not currently 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 promptly identify these risks.

risk management aims to promptly identify, assess, and manage risk

Integral part of business operations

Risk management is an integral part of Vesteda's business operations and process management. To put this into practice, the risks associated with business operations are identified and – if the Managing Board believes it is necessary – reduced to the desired level by control measures. Vesteda regularly identifies and evaluates the strategic, operational, compliance and financial risks. The internal control systems have been developed on the basis of the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the objective of which is to create a reasonable level of assurance on the achievement of organisational targets. They allow management to assess the proper functioning of the control measures that have been adopted. The internal control systems are, however, unable to offer absolute assurance because of unforeseen circumstances, human errors of judgement and mistakes, collusion by employees, breaches of regulations, cost/benefit considerations or coincidence of inherently minor incidents with significant consequences.

based on COSO recommendations

Managing Board's responsibility

The Managing Board is responsible for managing the risks inherent in Vesteda's business activities. It is also 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 ongoing monitoring of the design and operation of these measures.

day-to-day responsibility of senior management and process owners

2012: 15 risks

The Managing Board re-evaluated the list of most relevant and significant risks for Vesteda during the first quarter of 2012. This resulted in 15 risks being reconfirmed as the most relevant and significant for Vesteda.

structured description, control measures developed and documented

- A Strategic vision;
- B Portfolio Management;
- C Project Development;
- D Disposals;
- E Asset Management;
- F Treasury;
- G Cash planning and forecasting;
- H Investor Relations
- I Financial Reporting
- J Human Resource management;
- K Fraud;

- L Continuity of IT;
- M Tax status;
- N Contractual obligations;
- O Sustainability.

One of the criteria for selecting these 15 risks is that they should satisfactorily cover ongoing strategic, operational, compliance and financial risks. There is an annual evaluation of the way in which the existing set of identified risks covers Vesteda's risk universe. In other words, there is an assessment of whether new risks should be added to the existing list, or whether risks can be removed from the list as a result of developments in operations, the property and financial markets, stakeholders etc.

A. Strategic vision

Description of the risk The risk that Vesteda's strategic vision is not in line with developments in the housing market, investors' visions and Vesteda's ability to shape them.

Control measure(s) Developing and updating the strategic vision so that Vesteda's positioning (in coordination with the investors) shapes its aim of wanting to be an investment opportunity in the Dutch housing market for institutional investors. This vision is translated at portfolio level using integrated portfolio management.

B. Portfolio Management

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

Control measure(s) The portfolio is designed using integrated portfolio management to create an optimum risk/return profile for the investors. To ensure this, current developments are matched against the optimum target portfolio and additional action is initiated as necessary to achieve the target portfolio.

Control measures are implemented in order to ensure a transparent and professional valuation process.

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 initiated from the target portfolio. Continuous budget control on the financial development of a project.

D. Disposals

Description of the risk The risk that the necessary 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. Efforts in 2012 were on increasing sales of more expensive, sometimes vacant, residential priorities. Control measures have been adopted in order to strengthen the sales processes of not only single entities, but the sale of residential complexes as well.

E. 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 the investors, and may fail to achieve optimal operational results or may lead to lower appreciation of the portfolio. Asset Management should have sufficient customer satisfaction focus in deploying its activities.

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

F. 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. Treasury also deals with the risk that Vesteda does not generate

sufficient cash in order to meet its financial obligations or financial covenants.

Control measure(s) Vesteda has chosen to reduce the volume risk by using different maturities in the current funding thus reducing the amount of refinancing on most occasions. The refinancing will be arranged so that there is flexibility in repayment. A further aim is to gradually reduce the leverage to 30%. Interest rate risks are hedged using interest caps and interest rate swaps. Control measures have been adopted in order to assure compliance with the financial covenants. The overruling treasury policy, objectives and applicable treasury risk limits have been formalised by means of a treasury policy statement which was approved by the Supervisory Committee.

G. Cash planning and forecasting

Description of the risk The risk that Vesteda cannot effectively and efficiently manage its liquidity requirements.

Control measure(s) All cash flows from development, letting and sales activities are converted into actions to optimise the liquidity position through cash planning and forecasting. Cash planning and forecasting, of course, use medium and long-term funding assumptions, for example, on redemptions and refinancing. Funding in turn uses information from integrated portfolio management and cash planning and forecasting.

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 at achieving the goals set in relation to the current and future providers of equity.

Control measure(s) The level of equity is determined primarily by investors joining and leaving. As of February 2012 Vesteda has changed its legal structure and corporate governance in order to achieve higher commercial attractiveness and liquidity in the equity market while maintaining its tax-efficient fiscal status.

I. Financial reporting

Description of the risk The risk that Vesteda presents incorrect and/or incomplete and/or late financial reports to its stakeholders.

Control measure(s) A complete set of control measures have allowed the Managing Board to issue an 'in control' statement on financial reporting risks since 2007.

J. Human resource 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 on selection, appraisal, remuneration and developing its people. This is primarily shaped in Vesteda's ongoing performance management programme.

K. Fraud

Description of the risk The risk that employees and the Managing Board of Vesteda commit fraud, leading to additional expenses and reputational damage.

Control measure(s) Vesteda uses a set of procedures and measures to reduce the risk in processes concerned with sales methods, including the related parties, entering into commercial sales agreements, screening employees and contract parties. In addition, all staff must act in accordance with a code of conduct and there is a procedure 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 insufficiently available 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 status

Description of the risk The risk that Vesteda does not meet all its obligations for tax status with the possible loss of that status and corporation tax being levied on the result.

Control measure(s) Permanently safeguarding and monitoring the 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 mandating policy, strategy and frameworks and signatory authority of management, Managing Board and Supervisory Committee.

O. Sustainability

Description of the risk The risk of insufficient investment in the sustainability of operations with the possible result of inadequate increases in the value of the investments over time, not meeting investors' requirements on sustainability, potential loss of income and damage to image.

Control measure(s) Identifying the requirements and wishes of investors, government, tenants, purchasers and employees, in order to set up, implement and maintain a clear sustainability strategy with the primary goal of a sustainable property portfolio with, in this context, an optimum direct and indirect yield performance.

The above risk analysis approach 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 information 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.

'In control'-statement

The Managing Board issues an 'in control'-statement on the financial reporting and on the strategic and operational processes at Vesteda

Managing Board's responsibility

The Managing Board is responsible for proper risk management and internal control systems and for assessing their effectiveness. Vesteda's Managing Board continues to pursue further improvement and optimisation of the internal risk management and control procedures.

statement on the financial reporting risks

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 during 2012;
- there is no indication that these systems will not function properly in 2013.

no significant shortcomings or deficiencies

No significant shortcomings which could have material effects have been identified in these systems in 2012 and to the date of signing this annual report in 2013.



Vesteda
Residential Fund FGR
financial statements
2012

Consolidated statement of comprehensive income

(amounts in € million)

	Notes	2012	2011
Rental income	7	245	250
Property operating expenses	8	68-	77-
Other income	9	2	3
Net rental income		179	176
Result on projects in progress	12	0	–
Result on disposals	13	3	8
Management expenses	10	20-	30-
Interest income	11	2	2
Interest expense	11	67-	72-
Realised result before tax		97	84
Unrealised result	15	234-	138-
Result before tax		137-	54-
Tax		–	–
Result after tax (attributable to equity holders of the parent)		137-	54-
Net gains (losses) on cash flow hedges arising during the year		30-	11
Net gains (losses) on revaluation of office building		–	1-
Other comprehensive income, net of tax		30-	10
Total comprehensive income (attributable to equity holders of the parent)		167-	44-
Earnings per participation right in €	16	5.37-	2.13-
Comprehensive income per participation right in €		6.53-	1.74-

Consolidated balance sheet

(amounts in € million)

	Notes	31-12-2012	31-12-2011	01-01-2011
Assets				
Non-current assets				
Investment property	18	3,768	4,045	4,274
Investment property under construction	19	10	23	83
Property, plant and equipment	20	7	9	10
Financial assets	21	13	13	13
		3,798	4,090	4,380
Current assets				
Inventory property	22	15	10	13
Projects in progress	23	9	9	16
Trade and other receivables	24	21	23	43
Cash and cash equivalents	25	113	145	75
		158	187	147
Investment property held for sale	26	202	220	143
Total assets		4,158	4,497	4,670
Equity and liabilities				
Equity				
Group equity	27	2,423	2,670	2,799
Non-current liabilities				
Financial liabilities	28	692	891	1,612
Investment property under construction	19	20	17	15
Provisions	29	40	23	20
Derivative financial instruments	30	85	55	66
		837	986	1,713
Current liabilities				
Financial liabilities	28	822	750	75
Provisions	29	6	11	–
Projects in progress	23	2	1	–
Trade and other payables	31	68	79	83
		898	841	158
Total liabilities		1,735	1,827	1,871
Total equity and liabilities		4,158	4,497	4,670
Net Asset Value (NAV) per participation right in €				
Basic and diluted NAV	17	96.46	104.14	109.18
Adjusted (INREV) NAV	17	96.46	104.14	109.18

Consolidated statement of changes in equity

(amounts in € million)

	Reserve						Total equity
	Fund Equity	General paid in surplus	Property	Derivatives	Property plant equipment	Other reserve	
As at 1 January 2011	25	2,166	729	1	1	123-	2,799
Result for the year	–	–	57-	–	–	3	54-
Other comprehensive income	–	–	–	1-	1-	12	10
Total comprehensive income	–	–	57-	1-	1-	15	44-
Realised from sales	–	–	20-	–	–	20	–
Capital paid in	–	24	–	–	–	–	24
Dividend	–	109-	–	–	–	–	109-
As at 31 December 2011	25	2,081	652	–	–	88-	2,670
Result for the year	–	–	122-	–	–	15-	137-
Other comprehensive income	–	–	–	–	–	30-	30-
Total comprehensive income	–	–	122-	–	–	45-	167-
Realised from sales	–	–	22-	–	–	22	–
Capital paid in	–	–	–	–	–	–	–
Redemption	–	50-	–	–	–	–	50-
Dividend	–	120-	–	–	–	–	120-
Stockdividend	–	90	–	–	–	–	90
As at 31 December 2012	25	2,001	508	–	–	111-	2,423

Dividend per participation right in 2012 € 4.78 (2011: € 4.25)

Consolidated cash flow statement

(amounts in € million)

	Notes	2012	2011
Operating activities			
Result for the year after tax		137-	54-
Adjustments to reconcile result before tax to cash flow from operating activities			
Unrealised result	15	234	138
Depreciation of property, plant and equipment	20	1	1
Amortisation of financing costs	28	4	2
Provisions	29	5-	11
Interest income	11	2-	2-
Interest expense	11	67	72
		299	222
Working capital adjustment		19-	25
Net cash flow from operating activities		143	193
Investing activities			
Capital expenditure in investment property	18	16-	29-
Disposals of investment property	18	153	172
Investments/disposals of property, plant and equipment	20	1-	–
Capital expenditure in investment property under construction	19	40-	63-
Disposals of investment property under construction	19	2	–
Net cash flow from investing activities		98	80
Financing activities			
Loans drawn	28	625	45
Loan repayment	28	751-	91-
Financing costs	28	5-	2-
Capital paid in		–	24
Dividend paid		30-	109-
Redemption	27	50-	–
Interest received		2	2
Interest paid		64-	72-
Net cash flow from financing activities		273-	203-
		32-	70
Net increase/decrease in cash and cash equivalents		32-	70
Cash and cash equivalents at the beginning of the period	25	145	75
Cash and cash equivalents at 31 December	25	113	145

Non-cash transactions

In 2012 and 2011 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 2012 were authorised for issue in accordance with a resolution of the Managing Board on 11 March 2013. Vesteda Residential Fund FGR (the fund) is a mutual fund. Vesteda Investment Management BV is the fund manager, its registered office is located at Claude Debussylaan 15, Amsterdam in the Netherlands.

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

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

Reference is made to Note 4 for a description of a change in the corporate structure during the year ended 31 December 2012.

2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

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 it is expected that they will 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 by using the percentage of completion method. This method uses the stage of completion of projects, determined based on the proportion of contract costs incurred to date and the estimated costs to complete.

Classification of property

The Vesteda Companies determine whether a property is classified as investment property or

inventory 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 to be added 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 of 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 obtain the significant risks and rewards incidental to ownership.

Borrowing costs

IFRS requires capitalisation of borrowing costs to qualifying assets. For Vesteda, its projects in progress and investment property under construction would possibly meet these criteria. For its investment property under construction, Vesteda elected to apply the exemption in IAS 23 for investment property measured at fair value; no borrowing costs are capitalised. With respect to its projects in progress, Vesteda concluded that its externally borrowed funds have been obtained for the sole purpose of financing its current portfolio of income producing investment properties.

This judgement is, amongst others, based upon the security provided to the financiers over the Vesteda companies income producing investment properties. As such no borrowings have been obtained to finance the projects in progress in 2012. During 2011 a construction line was available and borrowing costs have been capitalised to projects in progress.

Tax status

Vesteda is a mutual fund (fonds voor gemene rekening/FGR). The fund is tax transparent, joining and leaving the fund can take place 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 has a responsibility for complying with the tax rulings relating to the holding, issue and redemption of participation rights.

Vesteda Investment Management BV, Vesteda Project Development BV and Vesteda Finance BV are taxable for Dutch corporate income tax.

Furthermore the fund made an agreement with the Tax authorities as 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. The 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.

Changes in corporate structure

As further explained in Note 4 below, the corporate structure of the Vesteda Companies has changed during 2012. Management has carefully analysed the IFRS guidance regarding business combinations and concluded that this corporate restructuring should be considered as a business combination under common control. Primary reasons for this conclusion are the fact that the activities of the Vesteda Companies did not change from what Vesteda did historically and the ultimate beneficial owners did not change.

Estimates

Estimation of net realisable value for inventory property and property under construction

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

NRV for property under construction 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. If available, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Vesteda Companies' assets.

The Discounted Cash Flow Method is used for the determination of 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. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present 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 present value. The aggregate of the net present values equals the market value of the property.

100% of the portfolio is appraised full comprehensively by external valuers during the year. The objective is to appraise full comprehensively approximately 25% of the portfolio each quarter. The remainder of the quarterly appraisals comprise of a desktop update by the external valuers.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Implications of legal restructuring for the financial statements

Legal structure up to and including January 2012

Property under development and property investments and associated loan capital can be allocated to three main structures: property being let funded in part by bonds, property being let funded in part by mortgages and property under development funded in part by revolving credit.

Investors were offered two different ways of participating in Vesteda: as 'limited partners' with a shareholding or as a limited partner with a direct interest. As limited partners with a direct interest, investors acquired a direct interest in the two property partnerships; as limited partners with a shareholding they acquired a shareholding in a fiscal investment institution, which then acted as a limited partner in the two property partnerships. The two ways of participating made it possible for an institutional investor, depending on its type, to make a tax-efficient investment in Vesteda. All investors owned shares in the structures (and thus in Vesteda Groep BV, Vesteda Groep II BV, Vesteda Project BV, Vesteda Woningen CV and Vesteda Woningen II CV) in proportion to their invested capital.

Vesteda Groep BV, which was responsible for managing Vesteda, held a central position. All investors participated directly in Vesteda Groep BV, where control was consolidated. Vesteda Groep BV had a four-member Managing Board and a Supervisory Committee. Vesteda Groep BV was the managing partner of Vesteda Woningen CV.

Vesteda Groep II BV acted as the managing partner of Vesteda Woningen II CV. All investors participated directly in Vesteda Groep II BV. Vesteda Groep II BV had no employees. Vesteda Woningen II CV's management expenses were recharged from Vesteda Groep BV to Vesteda Groep II BV. Vesteda Groep II BV acted as the managing partner of Vesteda Woningen II CV.

Vesteda Project BV carried out Vesteda Group's project development activities.

The let property and associated rights and obligations were held by two partnerships: Vesteda Woningen CV (also referred to as Vesteda Woningen I) and Vesteda Woningen II CV. These partnerships were not independently liable for corporation tax.

Vesteda Groep BV was managing partner of Vesteda Woningen CV. DRF I BV, DRF II BV and DRF III BV were the custodians and entitled to manage the assets of Vesteda Woningen CV for the investors. Consequently, in their capacity as custodians, they were legally entitled to all assets belonging to Vesteda Woningen CV. The investors, also known as sleeping partners, were Holding DRF BV, DRF IV BV and the investors in Vesteda Group. They had beneficial entitlement to the assets of Vesteda Woningen CV.

Legal structure as of February 2012

The Vesteda Group changed its legal structure as of February 2012. The primary impact of the corporate changes is that where in the past combined financial statements were presented by a combination of entities within the Vesteda Companies, the fund is now able to prepare consolidated financial statements. For purposes of the comparative financial information as presented in these financial statements, Management has concluded that the previous corporate structure is largely comparable to the current corporate structure. As such, the Vesteda Companies have utilised the 31 December 2010 combined financial statements of Vesteda as starting point for the conversion to IFRS. Where necessary, adjustments have been made to the information presented in prior years to ensure consistency with the current year.

As the changes in the corporate structure did not result in any change in the beneficial ownership of the fund, Management concluded that it could utilise a pooling of interest accounting for the corporate restructuring. As such, these financial statements should be considered a continuation of the previous combined financial statements as presented by Vesteda.

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 obligation by law 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.

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

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

- Vesteda Residential Fund Amsterdam
- Parent entity Vesteda Investment Management BV Amsterdam 100%
- Stichting Dutch Residential Fund I Amsterdam 100%
- Stichting Dutch Residential Fund II Amsterdam 100%
- Stichting Dutch Residential Fund III Amsterdam 100%
- Stichting Dutch Residential Fund IV Amsterdam 100%
- Vesteda Finance BV Amsterdam 100% (founded 18-07-2012)
- Vesteda Project Development BV Amsterdam 100%
 - HOG Heerlen Onroerend Goed BV Heerlen 100%
 - Gordiaan Vastgoed BV Heerlen 100%

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 it to be capable of operating. 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. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

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 retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal.

Non-current assets held for sale

Investment property is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable:

- The Managing Board is committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
The property is actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

On re-classification, investment property that is measured at fair value continues to be so measured.

Property, plant and equipment

The office building is recognised at fair value, reappraised annually by an external valuer. 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 provided, 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.
- Bonds are recognised at fair value.

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 so as 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.

Cost includes:

- 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.

Long-term 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.

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's post-employment benefit plan is a multi-employer benefit plan, qualifying as a defined benefit plan. However, there is no sufficient information to enable the Vesteda Companies to account for the plan as a defined benefit plan, owing to the pension fund's inability to supply the relevant information. There is no known surplus or deficit in the plan that may affect the amount of future contributions.

Vesteda accounts for the post-employment benefit plan as if it were a defined contribution plan. Obligations for contributions to the plan are recognised as an expense in the income statement as incurred.

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 receivable 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 complex. 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 incurred.

Net rental income

Net rental income is the rental income plus the 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 on 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.

Interest income and expense

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 results 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 who are subject to corporate income tax, have no difference between accounting and taxable income. As such, taxation on the result 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 a refund is expected. Where relevant, the Vesteda Companies may recognize deferred tax assets in relation to carry forward losses. For purposes of clarity, the fund itself is exempted from corporate income taxes.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Vesteda did not apply any standards issued but not yet effective, which are the following:

- The amendments to IAS 1 change the grouping of items presented in the OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified.
- IFRS 10 replaces IAS 27 and establishes a single control model that applies to all entities including special purpose entities.
- IFRS 11 replaces IAS 31 and removes the option to account for jointly controlled entities using proportionate consolidation.
- IFRS 12 requires additional disclosures regarding involvement with other entities.
- IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements.

Vesteda has assessed that none of these standards will have a material impact on the Group once they have become effective. Except for increased and disclosure requirements especially from IFRS 12 and 13.

6. FIRST-TIME ADOPTION OF IFRS

These financial statements, for the year ended 31 December 2012, are the first Vesteda Residential Fund has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2011, Vesteda prepared its financial statements in accordance with the accounting principles selected by management. These accounting principles are in line with Dutch generally accepted accounting principles (Dutch GAAP). In this annual report the previous applied principles, will be referred to as Dutch GAAP.

Accordingly, Vesteda has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the Vesteda Companies' opening statement of financial position was prepared as at 1 January 2011, the Vesteda Companies' date of transition to IFRS. This note explains the principal adjustments made by Vesteda in restating its Dutch GAAP statement of financial position as at 1 January 2011 and its previously published local GAAP financial statements as at and for the year ended 31 December 2011.

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRSs. Vesteda has not applied exemptions in the first-time adoption of IFRS.

Estimates

The estimates as at 1 January 2011 and 31 December 2011 are consistent with those made for the same dates in accordance with Dutch GAAP (after adjustments to reflect any differences in accounting policies).

Vesteda reconciliation of equity as at 1 January 2011 (date of transition to IFRS)

(amounts in € million)

	Notes	Dutch GAAP	Adjustments	IFRS as at 01-01-2011
Assets				
Non-current assets				
Investment property	A	4,402	128-	4,274
Investment property under construction	B	–	83	83
Tangible fixed assets		10	–	10
Financial assets		13	–	13
		4,425	45-	4,380
Current assets				
Inventory property	A	28	15-	13
Projects in progress	B	136	120-	16
Trade and other receivables		43	–	43
Cash and cash equivalents		75	–	75
		282	135-	147
Investment property held for sale	A	–	143	143
Total assets		4,707	37-	4,670
Equity and liabilities				
Equity				
Group equity	C	2,793	6	2,799
Non-current liabilities				
Financial liabilities	D	1,687	75-	1,612
Investment property under construction		–	15	15
Provisions	B	36	16-	20
Derivate financial instruments		66	–	66
		1,789	76-	1,713
Current liabilities				
Financial liabilities	D	–	75	75
Provisions	B	42	42-	–
Trade and other payables		83	–	83
		125	33	158
Total liabilities		1,914	43-	1,871
Total equity and liabilities		4,707	37-	4,670

Vesteda reconciliation of equity as at 31 December 2011

(amounts in € million)

	Notes	Dutch GAAP	Adjustments	IFRS as at 01-01-2011
Assets				
Non-current assets				
Investment property	A	4,248	203-	4,045
Investment property under construction B		–	23	23
Tangible fixed assets		9	–	9
Financial assets		13	–	13
		4,270	180-	4,090
Current assets				
Inventory property	A	27	17-	10
Projects in progress	B	49	40-	9
Trade and other receivables		22	1	23
Cash and cash equivalents		145	–	145
		243	56-	187
Investment property held for sale	A	–	220	220
Total assets		4,513	16-	4,497
Equity and liabilities				
Equity				
Group equity		2,671	1-	2,670
Non-current liabilities				
Financial liabilities	D	1,641	750-	891
Investment property under construction		–	17	17
Provisions	B	40	17-	23
Derivate financial instruments		55	–	55
		1,736	750-	986
Current liabilities				
Financial liabilities	D	–	750	750
Provisions	B	28	17-	11
Projects in progress		–	1	1
Trade and other payables		78	1	79
		106	735	841
Total liabilities		1,842	15-	1,827
Total equity and liabilities		4,513	16-	4,497

Vesteda reconciliation of total comprehensive income 2011

(amounts in € million)

	Notes	Dutch GAAP	Adjustments	IFRS as at 01-01-2011
Rental income		250	–	250
Property operating expenses		77-	–	77-
Other income		3	–	3
Net rental income		76	–	176
Result on projects in progress	E	10-	10	–
Result on disposals		8	–	8
Management expenses	C	28-	2-	30-
Interest income		2	–	2
Interest expense		72-	–	72-
Realised result before tax		76	8	84
Unrealised result	E	123-	15-	138-
Result before tax		47-	7-	54-
Tax		–	–	–
Result after tax		47-	7-	54-
Net gains (losses) on cash flow hedges		11	–	11
Net gains (losses) on revaluation of office building		1-	–	1-
Other comprehensive income, net of tax		10	–	10
Total comprehensive income				
(attributable to equity holders of the parent)		37-	7-	44-

Notes to the reconciliation of equity

as at 1 January 2011 and 31 December 2011 and total comprehensive income for the year ended 31 December 2011

A. Investment property held for sale: Under IFRS 5, property has been classified as assets held for sale. As at December 31, 2011 investment property for an amount of € 203 million (January 1, 2011: € 128 million) has been reclassified as held for sale. Furthermore, inventory property has been reclassified as held for sale for an amount of € 17 million (January 1, 2011: € 15 million) in line with IFRS 5. The amounts represent the fair value of the underlying property.

B. Investment property under construction: The projects in progress with a future use as investment property for rent have been reclassified to investment property under construction, resulting in a reclassification of € 38 million (January 1, 2011: € 125 million). As a result of the reclassification of these internal projects in progress, the related provision for lower market value has been reclassified as investment property under construction for an amount of € 31 million (January 1, 2011: € 61 million). Furthermore, the value of the investment properties under construction has been adjusted to fair value, resulting in a remeasurement of € 1 million negative (January 1, 2011: € 4 million positive). Investment properties under construction with a negative fair value have been reclassified as the non-current liabilities for an amount of € 17 million (January 1, 2011: € 15 million). A similar reclassification occurs for projects in progress with a negative value for an amount of € 1 million at December 31, 2011.

Furthermore, the provision for contractual obligations is reclassified from projects in progress to a non-current provision for an amount of € 5 million on January 1, 2011. For December 31, 2011 a project with a negative value of € 2 million, previously recognised as a contractual obligations is under IFRS recorded as a project in progress.

Finally, an amount of € 2 million concerning the restructuring provision is directly adjusted in equity, because recognition of this provision is not allowed at January 1, 2011, based on IFRS-criteria. We refer also to the explanatory Note C.

C. Retained earnings: An amount of € 2 million has been positively adjusted in the group equity as per January 1, 2011. This amount relates to the restructuring provision, which under IFRS is not allowed to be recognised as per January 1, 2011. Under IFRS, the amount is recognised in the income statement of 2011. In addition, an amount of € 1 million has been negatively adjusted in the retained earnings in relation to the remeasurement of the investment properties under construction to fair value as per December 31, 2011 (positive adjustment of € 4 million as per January 1, 2011).

D. Financial liabilities: An amount of € 750 million (January 1, 2011: € 75 million) has been reclassified from non-current liabilities to current liabilities based on the maturity date.

E. Unrealised result: As a result of the reclassification of the internal projects in progress to investment property under construction and the related remeasurement of the projects to fair value, all results on the internal projects in progress are classified as unrealised result (€ 10 million).

Furthermore, a turnaround effect is included in the unrealised result relating to the remeasurement of investment property under construction for an amount of € 5 million.

7. RENTAL INCOME

	2012	2011
Rental income	245	250

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

8. PROPERTY OPERATING EXPENSES

Operating expenses is made up as follows:

	2012	2011
Property (and related) taxes	11	11
Property management costs	8	13
Maintenance costs	24	23
Fitting out costs	2	2
Letting and marketing fees	4	7
Non-recoverable service charges	12	13
Miscellaneous operational costs	7	8
Total	68	77

Operating expenses 2012 amounted to 27.6% of gross rental income in 2012 (2011: 30.3%).

The taxes mainly consist 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 less property operating expenses) for the financial year 2012 was € 179 million, as compared with € 176 million in 2011.

9. OTHER INCOME

The other income is made up as follows:

	2012	2011
Short stay rent	1	2
Other	1	1
Total	2	3

The short stay rent income compared to 2011 decreased with € 1 million due to the reduction of the number of properties operated in the short stay rent market.

10. MANAGEMENT EXPENSES

The management expenses comprise:

	2012	2011
Salaries	22	30
Social security charges	2	2
Pension charges	2	2
Depreciation expenses	1	1
Other operating expenses	9	18
Gross property management costs	36	53
Presented within net rental income	16-	23-
Total	20	30

In 2011 the restructuring costs were included in salaries and other operating expenses; this explains the lower amounts in 2012.

The Vesteda Companies employed an average of 317 people (2011: 362) during the year; this was an average of 279.0 FTE's (2011: 318.5 FTE's).

11. INTEREST INCOME AND EXPENSE

The interest income is made up as follows:

	2012	2011
Other interest	2	2
Total	2	2

The interest expense is made up as follows:

	2012	2011
Interest on bank loans	67	72
Total	67	72

12. RESULT ON PROJECTS IN PROGRESS

The result on projects in progress is limited (2011: limited).

13. RESULT ON DISPOSALS

The result on disposals is made up as follows:

	2012	2011
Result on disposals of investment property	3	8
Result on disposals of inventory property	–	–
Total	3	8

The result contains a loss of € 3 million (2011: negative € 2 million) relating to the disposal of entire complexes. Furthermore the result includes a profit of € 6 million (2011: positive € 10 million) relating to the disposal of individual units.

14. 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 BV in the future.

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

2005	5
2007	2
2009	3
2010	45
2011	14
2012	12
Total	81

The tax loss can be carried forward for nine years after the loss is recognised.

15. UNREALISED RESULTS

The unrealised results are made up as follows:

	2012	2011
Revaluation investment property	200-	117-
Revaluation investment property under construction	12-	17-
Revaluation inventory property	3-	1-
Revaluation property, plant & equipment	1-	–
Results on projects in progress	1-	–
Additions provisions	17-	3-
Total	234-	138-

16. EARNINGS PER PARTICIPATION RIGHT

Basic earnings per participation right are calculated by dividing profit/loss 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 share data used in the basic and diluted earnings per participation right computations:

	2012	2011
Net result attributable to equity holders	137-	54-
Weighted average number of participation rights	25,636,184	25,637,603

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.

17. NET ASSET VALUE PER PARTICIPATION RIGHT (NAV)

Basic 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 asset and share data used in the basic and diluted NAV per participation right computations:

	2012	2011
NAV attributable to equity holders of the parent	2,423	2,670
Number of participation rights at the reporting date	25,119,737	25,637,603
	2012	2011
Basic NAV	2,423	2,670
Fair value of derivatives held for hedging	–	–
Realisable transfer taxes and purchasers costs	–	–
Deferred taxation – measured at fair value	–	–
Adjustment to measure inventory at fair value, otherwise held	–	–
INREV NAV	2,423	2,670
Net Asset Value (NAV) per participation right in €		
Basic and diluted NAV	96.46	104.14
Adjusted (INREV) NAV	96.46	104.14

18. INVESTMENT PROPERTY

The investment property is made up as follows:

	2012	2011
Investment property at 1 January	4,045	4,274
Held for sale at 1 January	220	143
Investment property at 1 January	4,265	4,417
Capital expenditure on owned property	16	29
Investments	–	–
Transfer from property under construction	42	108
Disposals	153-	172-
Revaluation (fair value adjustment)	200-	117-
Investment property at 31 December	3,970	4,265
Less: classified as held for sale	202-	220-
Investment property at 31 December	3,768	4,045

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 valuers have used their market knowledge and professional judgement rather than relying exclusively on historical transaction comparables.

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

The capital growth of the assets is driven by the net cash flow generated by the assets, which are taken into account by the market, in combination with the required yield development. The generated cash flow is the net rental income plus the net sales revenues from selling off individual homes. The required yield 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:

	2012	2011
Yield (%)	7.4	7.7
Sales rate (%)	6.2	7.3
Exit yield (%)	6.6	6.1
Inflation (%)	2.0	1.6

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 required yield, underlying the valuation of completed investment property.

	-100 bps required yield	Fair value	+100 bps required yield
01-jan-12	4,487	4,265	4,061
31-dec-12	4,207	3,970	3,752

19. INVESTMENT PROPERTY UNDER CONSTRUCTION

	2012	2011
As at 1 January	6	68
Capital expenditure on property under construction	40	63
Transfer to investment property	42-	108-
Fair value adjustment	14-	17-
Projects cancelled	2	-
Disposals	2-	-
As at 31 December	10-	6

	2012	2011
Positive balance	10	23
Negative balance	20-	17-
Total projects under construction	10-	6

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 in 2011 and 2012, the valuers used market knowledge and professional judgment, rather than relying exclusively on historical transaction comparables.

The capital growth of the assets under construction is driven by the net future cash flow generated by the assets, in combination with the required yield development. The generated cash flow, the net rental income plus the net sales revenues from selling off individual homes. The required yield 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 18.

20. PROPERTY, PLANT AND EQUIPMENT (PPE)

The PPE consist of an office building and other fixed assets valued at € 5 million (2011: € 6 million), respectively € 2 million as at 31 December 2012 (2011: € 3 million). The office building is valued at fair value by an independent valuer for an amount of € 5 million (2011: € 6 million), which results in a fair value adjustment in the current period of - € 1,0 million (2011: - € 0.4 million). For the determination of the fair value we refer to the explanation provided in Note 18.

The value of the office building based on the historical cost model amounts to € 5 million (2011: € 6 million). The economic life of the office building is set at thirty years, and the accumulated depreciation amounts to nil.

21. FINANCIAL ASSETS

The financial assets are made up as follows:

	Loans	Bonds	Total
As at 1 January 2011	12	1	13
Investments	–	–	–
Interest	–	–	–
As at 31 December 2011	12	1	13
Investments	1	–	1
Disposals	–	1	1
Interest	–	–	–
As at 31 December 2012	13	–	13

22. INVENTORY PROPERTY

Inventory property are made up as follows:

	2012	2011
Purchase price	20	13
Impairment to net realisable value	5-	3-
Total	15	10

Inventory property are residential properties to be sold directly by Vesteda Project Development BV to third parties. All individual inventory properties are valued at lower net realisable value. The impairment to net realisable value relating to 2012 amounts to € 3 million (2011: € 1 million).

23. PROJECTS IN PROGRESS

The projects in progress are made up as follows:

	2012	2011
Costs incurred	21	23
Recognised profits	1	-
Recognised losses	6-	3-
Progress billing	9-	12-
Total	7	8

The positive 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. The negative balance on projects in progress represents all the projects in progress on the instructions of third parties where the incurred costs plus the capitalised profit less the recognised losses are less than 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%).

This results in the following presentation:

	2012	2011
Positive balance	9	9
Negative balance	2-	1-
Total projects in progress	7	8

Projects in progress with a positive balance of € 7 million will be completed in 2013 (final value at completion € 53 million) and a positive balance of € 2 million will be completed in 2014 (final value at completion € 11 million).

The negative balance of € 2 million refers to construction works to be completed in 2015 (final value at completion € 11 million).

24. TRADE AND OTHER RECEIVABLES

The trade and other receivables are made up as follows:

	2012	2011
Loans receivable	7	7
Trade receivables	7	4
Other receivables	7	12
Total	21	23

Amounts overdue relate to the loans receivable for an amount of € 17 million (2011: € 17 million), for which a provision for doubtfulness is recorded for an amount of € 10 million (2011: € 10 million). Other receivables do not contain overdues, which are not impaired. The trade receivables include a provision for doubtfulness of € 2 million, for overdue amount € 1.2 million for other € 0.8 million (2011: € 3 million). The movement in this provision relates to write-offs of doubtful of trade receivables. The other receivables relate to the amounts to be received from the sales of property, for an amount of € 5 million (2011: € 7 million) and other € 2 million (2011: € 5 million).

25. CASH AND CASH EQUIVALENTS

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

	2012	2011
Cash at bank and on hand	17	54
Short-term deposits	96	91
Total	113	145

With the exception of € 5 million (2011: € 7 million), cash and cash equivalents are at the free disposal of the company.

26. INVESTMENT PROPERTY HELD FOR SALE

As at 31 December 2012 Vesteda Residential Fund has investment properties held for sale amounting to a total amount of € 202 million (2011: € 220 million). This amount can be split as follows:

	2012	2011
Entire complexes	141	138
Individual homes	61	82
Total	202	220

Investment property is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale. Vesteda has identified two types of property held for sale. First of all, the complexes which are planned to be sold within a horizon of one year. And secondly, all individual homes marked and available for sale.

27. GROUP EQUITY

The participation rights issued can be specified as follows:

	2012	2011
As at 1 January	25,637,603	25,637,603
Issued in the year	–	–
Redeemed in the year	517,866-	–
As at 31 December	25,119,737	25,637,603

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 517.866 participation rights redeemed at year-end.

Vesteda Residential Fund FGR is a mutual fund, which is not classified as a legal entity by Dutch Law. Therefore Vesteda Residential Fund FGR does not have legal requirements relating to reserves. However the fund decided to present its statement of changes in equity as if the fund would be subject to the rules for the determination of revaluation results.

28. FINANCIAL LIABILITIES

The financial liabilities are made up as follows:

	Term facilities	Mortgage	Credit facility	Total
As at 1 January 2011	1,550	70	75	1,695
Financing Costs	8-	–	–	8-
Value net of Financing Costs	1,542	70	75	1,687
Drawn	–	30	15	45
Repayments	–	1-	90-	91-
Additions	2-	–	–	2-
Amortisation	2	–	–	2
As at 31 December 2011	1,542	99	–	1,641
Drawn	625	–	–	625
Repayments	750-	1-	–	751-
Additions	5-	–	–	5-
Amortisation	4	–	–	4
As at 31 December 2012	1,416	98	–	1,514

Based on the maturity of the liabilities as at 31 December 2011 (1 January 2011: € 75 million) an amount of € 750 million has been classified as current liability. As at 31 December 2012 the amount classified as current liability amounts to € 822 million.

Because of its variable interest rates, there is no significant difference between the carrying amount and the market value.

Term facilities

The information below is provided for clarification purposes of the Vesteda Companies' long-term funding. The Vesteda Companies obtain their funding based upon an agreement with Vesteda Residential Funding II BV.

Vesteda Residential Funding II BV is a company specifically incorporated to manage the financing for Stichting Dutch Residential Fund I, Stichting Dutch Residential Fund II and Stichting Dutch Residential Fund III (these Stichtingen are consolidated into the fund's consolidated financial statements) under agreements between these parties, Vesteda Investment Management BV and the Security Trustee. Vesteda Residential Funding II BV also has the duty of providing security in connection with the financing. All the shares in Vesteda Residential Funding II BV are owned by Stichting Vesteda Residential Funding II. This Stichting and its subsidiary, Vesteda Residential Funding II BV are not consolidated by the fund. The manager of the Stichting is ATC Management BV.

As at 31 December 2012, Vesteda Residential Funding II BV has issued a total of € 1,425 million of variable-rate bonds consisting of:

- € 300 million class A4 secured floating rate notes (2005);
- € 150 million class A6 secured floating rate notes (2008);
- € 350 million class A7 secured floating rate notes (2010);
- € 625 million class A8 secured floating rate notes (2012).

The Term A notes are listed on the Euronext Amsterdam Stock Exchange. The legal term when issued was twelve years for the Term A4 bonds, nine years for the Term A6, seven years for the Term A7 bonds and five years for the Term A8 bonds. 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, with a limited penalty clause applying to the A6 bond loans.

The proceeds of the issue by Vesteda Residential Funding II BV have been on-lent to Stichting Dutch Residential Fund I, Stichting Dutch Residential Fund II and Stichting Dutch Residential Fund III, as borrowers in their capacity as custodians of Vesteda Residential Fund FGR. As a result of the above activities, the Vesteda Companies had the following facilities as at the reporting date:

- Term A4 Facility of € 300 million with an intended remaining term to maturity of 2.55 years;
- Term A6 Facility of € 150 million with an intended remaining term to maturity of 0.55 years;
- Term A7 Facility of € 350 million with an intended remaining term to maturity of 1.55 years;
- Term A8 Facility of € 625 million with an intended remaining term to maturity of 0.80 years.

The borrowers have 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 which is different for each type.

The mark-ups for the Term A4, Term A6, Term A7 and Term A8 notes are 0.28, 1.00, 1.63 and 0.75 percentage points respectively.

The term facilities carry considerable reporting and information obligations. The following consequences arise if interest is not paid on time or other obligations are not met:

- payment of dividends and similar distributions is no longer permitted;
- a pledge is established on the bank accounts which receive the rents;
- the voting rights on the shares of Stichting Dutch Residential Fund I, Stichting Dutch Residential Fund II and Stichting Dutch residential Fund III are transferred to the Security Trustee;
- a mortgage right is established in favour of the Security Trustee on the property up to an amount of 150% of the outstanding amount of the loans;
- liabilities may only be met out of the residential portfolio. Creditors have no right of recovery against the other assets (other than Vesteda Residential Fund FGR) of the limited partners;
- if certain financial conditions (ratios) are not met, further sanctions are applicable. In addition to the above measures, the management's power to dispose of property is considerably restricted

Mortgage funding

During 2012, Vesteda Residential Fund FGR continued mortgage borrowing under its existing financing arrangements with mortgage loans of € 97.8 million outstanding at year end. The mortgage is secured on company owned property.

- € 47.5 million 5-year H1 tranche, maturing 1 December 2014 and with a margin of 2.10%;
- € 22.5 million 3-year H2 tranche, maturing 1 November 2013 and with a margin of 1.95%;
- € 27.8 million 2-year H3 tranche, maturing 11 May 2013 and with a margin of 1.80%.

Credit facility

In February 2011, Vesteda Project Development BV drew € 15 million bringing the total amount drawn to € 90 million. This amount was repayable in four tranches between March and May and therefore classified as a current liability in the balance sheet as at 1 January 2011. During 2011 the credit facility has been repaid in full.

29. PROVISIONS

The non-current provisions are made up as follows:

	2012	2011
As at 1 January	23	20
Additions	17	3
Used	–	–
As at 31 December	40	23

A provision has been recognised for contractual obligations for the development 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.

The current provisions are made up as follows:

	2012	2011
As at 1 January	11	–
Additions	–	13
Used	5-	2-
As at 31 December	6	11

A restructuring provision of € 11 million was recognised in 2011. This provision related to the severance pays, relocation compensations, and other costs directly related to the restructuring.

30. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments are made up as follows:

	2012	2011
As at 1 January	55	66
Fair value gain	–	11-
Fair value loss	30	–
As at 31 December	85	55

Interest rate swaps were concluded on the bond loans issued in July 2005, April 2007, July 2008, July 2010 and April 2012 with the same term as the loans.

- IRS (A4) with notional of € 300 million with a remaining term of 2.55 years;
- IRS (A6) with notional of € 150 million with a remaining term of 0.55 years;
- IRS (A7) with notional of € 350 million with a remaining term of 1.55 years;
- IRS (A8) with notional of € 625 million with a remaining term of 0.80 years.

The interest risk on the H1 mortgage loan tranche is hedged by a designated interest rate swap and a designated interest rate cap:

- IRS (H1) with notional of € 16,625 million with a remaining term of 1.90 years;
- CAP (H1) with notional of € 16,625 million with a remaining term of 1.90 years.

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

On 22 March 2012, Vesteda Investment Management entered into a new long-term swap contract with Rabobank at a rate of 1.99% with a notional amount of € 625 million, decreasing to € 500 million, to hedge interest rate exposure on the committed but undrawn forward start facility. Both the IRS and the forward start facility are scheduled to commence after the redemption of the A8 Notes on 20 October 2013, or earlier. The IRS was novated to Vesteda Finance as per 31 December 2012. As a result of declining Euribor Interest rates and a flattening interest curve in 2012, fair value of financial instruments decreased by € 29.6 million to € 85 million negative.

31. TRADE AND OTHER PAYABLES

The trade and other payables are made up as follows:

	2012	2011
Trade payables	6	7
Amounts received in advance	16	16
Interest	10	13
VAT integration levy	21	29
Holiday days and holiday pay	1	2
Tax and social security contributions	2	2
Other	12	10
Total	68	79

32. TRANSACTIONS WITH RELATED PARTIES

Vesteda has a pension agreement 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 35 and 36.

33. 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 in order 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 its operations.

Vesteda Residential Fund is exposed to market 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 assure '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, market risk, credit risk and liquidity risk are also actively managed as part of Vesteda's treasury policy.

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.

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 & 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 and interest rate caps. With 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 2012, after taking into account the effect of interest rate swaps, 98% of Vesteda's borrowings are hedged (2011: 98%).

Sensitivity analyses of market and interest rate risk

An immediate increase by one percentage point in the interest rate curve as at 31 December 2012 was used as the 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 1 percentage point in the interest rates as at 31 December 2012 would increase the theoretical annual interest expense by € 0.8 million, assuming that the composition of the financing is unchanged.

An immediate increase of 1 percentage point in the interest rates as at 31 December 2012 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 € 55.5 million.

In terms of value hierarchy all of Vesteda's derivatives can be qualified as Level 2. The value of these derivatives are 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.

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 based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. 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 deposit

Credit risk from balances with banks and financial institutions is managed by Vesteda's treasury department. 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.

Counterparty credit limits are reviewed by the Vesteda's Managing Board at least on an annual basis, and may be updated throughout the year should market conditions circumstances 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 seeks to adequately diversify Vesteda's counterparties and to limit concentration risk.

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 to it which is 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.

Liquidity risk

(amounts in € million)

Year ended 31 December 2012	On demand	< 3 months	3-12 months	1-5 years	Total
Interest-bearing loans and borrowings	–	–	826	697	1,523
Interest	–	15	44	193	252
Deposits from tenants	7	–	–	–	7
Finance leases	–	–	–	–	–
Financial derivatives	–	–	13	72	85
Trade and other payables	23	29	4	1	57
	30	44	887	963	1,924

Year ended 31 December 2011	On demand	< 3 months	3-12 months	1-5 years	Total
Interest-bearing loans and borrowings	–	–	750	899	1,649
Interest	–	16	46	210	272
Deposits from tenants	6	–	–	–	6
Finance leases	–	–	–	–	–
Financial derivatives	–	–	11	44	55
Trade and other payables	23	33	8	–	64
	29	49	815	1,153	2,046

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

34. 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. No changes were made in the objectives, policies or processes during the years ending 31 December 2012 and 31 December 2011.

The Vesteda Companies monitor capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio.

Banking covenants of Vesteda's CMBS programme require that the loan to value ratio does not exceed 45%.

During the period 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

(amounts in € million)

	2012	2011
Carrying amount of interest-bearing loans and borrowings	1,514	1,641
Unamortised issuing costs	9	8
Principal amount of interest-bearing loans and borrowings	1,523	1,649
External valuation of completed investment property	3,768	4,045
Internal valuation of investment property under construction	10	6
External valuation of properties held for sale	202	220
Total valuation of investment property	3,960	4,271
Loan to value ratio	38.5%	38.6%

Vesteda has performed a sensitivity stress test with regard to changes in required yield in relation to the loan to value. An increase of the required yield of 2.8% would lower the value of the investment property to such extent that an LTV 45% would be reached.

35. MANAGING BOARD REMUNERATION

In 2012 the company was charged € 1,113,000 (2011: € 1,073,000) for the remuneration of the Managing Board, consisting of two members, and € 0 (2011: € 513,000) for the remuneration of the former Managing Board. In addition social security charges and pension contributions were € 165,000 (2011: € 225,000) for the Managing Board and € 0 (2011: € 108,000) for the former Managing Board.

A one time social security charge 'Crisisheffing' of € 60,000 was charged in 2012.

After approval of the annual accounts 2011, the Supervisory Committee granted the Managing Board target rewards for the year 2011 in an amount of € 168,000.

36. SUPERVISORY COMMITTEE REMUNERATION

The remuneration for the five (2011: six) Supervisory Committee members in 2012 was € 194,000 (2011 € 220,000).

37. SERVICE FEES PAID TO EXTERNAL AUDITORS

Management expenses include the following amounts recognised as fees to Ernst & Young Accountants LLP: € 252,000 (2011: € 203,500) for audit services, € 46,000 (2011: € nil) for audit-related services and € 154,000 (2011: € 54,120) for other services.

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

38. SUBSEQUENT EVENTS

Legal structure at 31 December 2012 effective at 1 January 2013.

In 2012, the legal structure of Vesteda transformed. Vesteda is a unit trust fund or collective investment scheme under Dutch law (fonds voor gemene rekening). The fund is joined 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 BV. The rights and obligations of the manager, the Supervisory Board 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 BV and Vesteda Project Development BV are exercised through an enduring power of attorney granted to Stichting Administratiekantoor Vesteda.

Vesteda Investment Management BV (the manager)

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

Vesteda Finance BV and Vesteda Project Development BV

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

Custodians

The custodians are legal owners of the property in the fund. The fund is the beneficial owner. In 2012, it proved possible to allocate individual properties to the various custodians for tax purposes, making it possible to finance the fund flexibly if desired by allocating collateral to one of the custodians. For this reason the structure was altered with effect from January 2013.

39. CONTINGENCIES AND COMMITMENTS

The total liabilities for obligations entered into for construction contracts, rental and lease instalments are some € 201 million (2011: € 262 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	56	1	1
between 1 and 5 years	139	3	1
	195	4	2

40. OTHER INFORMATION

Proposals to investors

Proposed appropriation of result for 2012

The Management Board proposes that the loss for the year of € 135,299,234 be charged to equity. This proposal has been incorporated in the annual report.

Proposed distribution to participants

The Management Board proposes a distribution to participants of € 94 million for the year. On 30 January 2012 an interim dividend of € 20 million was paid to participants.

The annual accounts will be presented for adoption at the General Meeting of Participants on 27 March 2013.

Independent auditor's report

To the participants of Vesteda Residential Fund FGR

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements 2012 which are part of the annual report of Vesteda Residential Fund FGR, Amsterdam, and comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Vesteda Residential Fund FGR as at December 31, 2012 its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

REPORT ON MANAGING BOARD REPORT

Furthermore we have established, to the extent of our competence, that the report of the managing board is consistent with the financial statements.

Amsterdam, 11 March 2013

Ernst & Young Accountants LLP

signed by J.M. Heijster



Annexes

Annex 1: Properties

The list below sets out the properties in the letting portfolio. In line with the IPD/ROZ definition, all properties are allocated to the residential properties sector, as the residential share of the gross market rental value is greater than 50%. The units and values given for properties are fully owned.

Key:

Letting portfolio

project:	Municipality, street name or name of first street (in alphabetical order), name of investment property name of investment property (or provisional development name), 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)
year:	Year of construction (the year before the first year of full letting)
land:	Percentage owned (versus leased)
u:	Number of residential properties (units)
fh:	Number of single-unit residential properties (units)
mo:	Number of multiple-residency properties (units)
ua:	Useable area of the residential properties (m ² x 1000)
COG:	Commercial space (m ²)
park:	Parking and garage spaces (units)
rent:	Theoretical gross annual rent (as at 31 December, thousands of euros)

Project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	COG	park	rent
Aalsmeer, Edisonstraat, Proosdij, NH	1983	100%	17	17	0	19	0	0	174
Abcoude, Fluitekruid, Fluitekruid, UT	1989	100%	31	31	0	34	0	0	329
Abcoude, Ereprijs, Fluitekruid, UT	1989	100%	50	50	0	46	0	0	504
Abcoude, Fluitekruid, Fluitekruid, UT	1989	100%	23	0	23	18	0	0	169
Abcoude, Ereprijs, Fluitekruid, UT	1989	100%	25	0	25	18	0	0	196
Almere, Marktmeesterstraat, splitsing van c689: Centrum 2A4F I, FL	1989	100%	36	0	36	31	0	0	258
Almere, Marktmeesterstraat, splitsing van c689: Centrum 2A4F II, FL	1989	100%	104	0	104	92	0	83	812
Almere, Koetsierbaan, Side by Side, FL	2007	100%	82	0	82	83	82	84	992
Almere, Koetsierbaan, Side by Side, FL	2007	100%	49	0	49	59	0	52	711
Almere, Dek, Noorderplassen, FL	2004	100%	31	31	0	47	180	0	343
Almere, Nova Zemblastraat, Eilandenbuurt, FL	2003	100%	43	43	0	49	0	0	412
Almere, Vrije Zeestraat, Oostvaardersbuurt, FL	2001	100%	42	42	0	55	0	0	371
Almere, Jarenweg, Seizoenenbuurt, FL	1999	100%	40	40	0	45	0	0	335
Almere, Jacques Tatilaan, Filmwijk, FL	1998	100%	90	90	0	114	0	0	815
Almere, Simon Vestdijkstraat, Literatuurwijk, FL	1998	100%	38	38	0	47	0	0	334
Almere, Fellinilaan, Filmwijk, FL	1998	100%	42	0	42	43	0	0	430
Almere, Gleditsiastraat, Parkwijk, FL	1995	100%	62	62	0	85	0	0	563
Almere, Preludeweg, Muziekwijk, FL	1994	100%	115	115	0	145	0	0	1100
Almere, Rondostraat, Muziekwijk, FL	1992	100%	36	36	0	47	146	0	366
Almere, Lotusbloemweg, Bloemenbuurt, FL	1990	100%	59	59	0	67	0	0	553
Almere, Messiaenplantsoen, Muziekwijk, FL	1990	100%	110	0	110	90	0	0	813
Almere, Marktmeesterstraat, Centrum, FL	1988	100%	100	0	100	91	0	0	710
Almere, Raaigrasstraat, Kruidenwijk, FL	1988	erf	85	85	0	99	0	0	718
Almere, Havenhoofd, Havenhoofd, FL	1986	100%	65	0	65	63	0	0	562
Almere, Harderwijkoever, Boulevardflat, FL	1984	100%	259	0	259	218	0	261	1981
Almere, Slagbaai, Waterwijk, FL	1983	100%	30	30	0	32	0	0	225
Almere-Stad, Quickstepstraat, Danswijk, FL	1999	100%	52	52	0	58	0	0	435
Amersfoort, Amsterdamseweg, Puntenburg fase II, UT	2011	100%	53	0	53	63	175	59	754
Amersfoort, Zeeuwsestraat, Puntenburg, UT	2010	100%	60	0	60	58	0	60	686
Amersfoort, Grote Koppel, Zeven Provinciën, UT	2004	100%	58	0	58	66	0	0	876
Amersfoort, Grootte Kreek, Kattenbroek Eiland, UT	1993	100%	101	101	0	139	0	0	1181
Amersfoort, Kasteel, Kattenbroek, UT	1991	100%	79	79	0	106	0	0	864
Amersfoort, Bruggensingel-Zuid, Kattenbroek, UT	1991	100%	55	0	55	53	0	0	467
Amersfoort, Bombardonstraat, Zielhorst M, UT	1990	100%	27	27	0	27	0	0	239
Amersfoort, Bombardonstraat, Zielhorst H, UT	1990	100%	36	0	36	29	0	0	298
Amersfoort, Blekerssingel, Willem III, UT	1988	100%	18	0	18	15	0	0	158
Amersfoort, Blekerssingel, Willem III, UT	1988	100%	14	0	14	12	0	0	122
Amersfoort, Parelvisserpad, Schuilenburg, UT	1969	100%	116	116	0	142	0	50	1169
Amstelveen, Westelijk Halfrond, Groenelaan, NH	1974	100%	206	0	206	169	0	25	1490
Amstelveen, Groenhof, Groenhof, NH	1972	100%	110	0	110	92	0	16	898
Amstelveen, Groenhof, Groenhof, NH	1972	100%	97	0	97	82	0	15	799
Amsterdam, Ceramiquelaan, Overhoeks Fase 1 - blok A12, NH	2012	100%	15	0	15	16	0	22	316
Amsterdam, Hammerbystraat, Overhoeks Fase 1 - blok A14, NH	2012	100%	19	0	19	21	0	20	355
Amsterdam, Gustav Mahlerlaan, Mahler 4 - COG, NH	2012	erf	0	0	0	0	1560	0	406
Amsterdam, Gustav Mahlerlaan, Mahler 4 - kantoren office appartments, NH	2012	erf	0	0	0	0	2105	0	611
Amsterdam, Gustav Mahlerlaan, Mahler 4 - woningen, NH	2012	erf	88	0	88	127	0	0	1802
Amsterdam, Gustav Mahlerlaan, Mahler 4 - short stay, NH	2012	erf	63	0	63	58	0	0	1881
Amsterdam, Gustav Mahlerlaan, Mahler 4 - office appartments, NH	2012	erf	15	0	15	15	0	0	327
Amsterdam, Gustav Mahlerlaan, Mahler 4 - parkeren, NH	2012	erf	0	0	0	0	0	198	582
Amsterdam, Gustav Mahlerlaan, Mahler 4 - leisure, NH	2012	erf	0	0	0	0	0	0	0
Amsterdam, Overhoeksparklaan, Overhoeks Fase 1, NH	2011	erf	69	0	69	80	0	101	1455
Amsterdam, Brigantijnkade, Steigereiland Noordbuurt blok A, NH	2010	erf	26	0	26	32	672	46	547
Amsterdam, Bert Haanstrakade, IJburg blok 8, NH	2009	erf	120	0	120	149	1261	129	2213
Amsterdam, Galjootstraat, Steigereiland Noordbuurt blok C en F, NH	2009	erf	59	0	59	59	0	68	826
Amsterdam, Hooivletstraat, Steigereiland Noordbuurt blok C en F, NH	2009	erf	59	0	59	59	0	68	816
Amsterdam, IJburglaan, De Ontdekking, NH	2008	erf	43	0	43	47	0	43	597

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(municipality, first street name, project name, province)	year	land	u	fh	mo	ua	COG	park	rent
Amsterdam, Jean Desmetstraat, IJburg blok 7, NH	2008	erf	12	12	0	14	0	12	186
Amsterdam, Bijlmerdreef, Gerenstein-Gallery, NH	2007	erf	96	0	96	94	0	0	952
Amsterdam, Purperhoedeneveem, Boston, NH	2006	erf	90	0	90	95	0	0	1610
Amsterdam, Pieter Postpad, De Drie Bouwmeesters fase A, NH	2006	erf	37	37	0	51	0	0	504
Amsterdam, Withoedeneveem, Parkeergarage Nieuw Amerika, NH	2006	erf	0	0	0	0	0	284	425
Amsterdam, Cornelis Outshoornstraat, De Drie Bouwmeesters fase A, NH	2006	erf	46	0	46	43	0	48	487
Amsterdam, Wolbrantskerkweg, Wolbrantskerkweg, NH	2005	erf	108	0	108	76	0	82	725
Amsterdam, IJburglaan, De Uitkijk (Blok 34), NH	2005	erf	38	0	38	45	0	40	534
Amsterdam, Veemkade, Detroit, NH	2004	erf	81	0	81	107	2457	0	2304
Amsterdam, Pieter Calandlaan, Calandtoren, NH	2004	erf	69	0	69	65	1515	72	965
Amsterdam, Joris Ivensstraat, De Waterlinie, NH	2004	erf	41	0	41	44	419	58	689
Amsterdam, IJburglaan, Blok 4, NH	2003	erf	26	0	26	34	0	26	407
Amsterdam, IJburglaan, Blok 4, NH	2003	erf	11	0	11	24	0	11	238
Amsterdam, Diopter, Jeugdland, NH	1998	erf	53	53	0	66	0	0	605
Amsterdam, Zuidelijke Wandelweg, Mirandalaan, NH	1998	100%	90	0	90	91	3401	92	1508
Amsterdam, Bart de Ligtstraat, Julianapark, NH	1991	erf	40	40	0	51	0	16	562
Amsterdam, Maliebaan, Julianapark, NH	1991	erf	186	0	186	155	0	0	2209
Amsterdam, Jan Puntstraat, Huizingalaan, NH	1990	erf	167	0	167	149	0	143	1832
Amsterdam, Rudi Bloemgartensingel, Midden Akerveldsepolder, NH	1990	erf	177	177	0	226	0	0	1949
Amsterdam, Rudi Bloemgartensingel, Midden Akerveldsepolder, NH	1990	erf	48	0	48	36	0	0	386
Amsterdam, Bonhoeffersingel, Midden Akerveldsepolder, NH	1989	erf	160	160	0	184	0	0	1774
Amsterdam, Bonhoeffersingel, Midden Akerveldsepolder, NH	1989	erf	48	0	48	36	0	0	404
Amsterdam, Wethouder Driessenstraat, Wethouderbuurt, NH	1987	erf	155	155	0	179	0	0	1548
Amsterdam, Wethouder Abrahamspad, Wethouderbuurt, NH	1986	erf	178	178	0	191	59	0	1663
Amsterdam, Snelleveldstraat, Reigersbos, NH	1984	erf	153	153	0	144	51	0	1475
Amsterdam, Mijndenhof, Mijndenhof, NH	1984	erf	109	109	0	102	0	0	1042
Amsterdam, Leusdenhof, Nellestein, NH	1980	erf	241	0	241	216	280	288	1906
Apeldoorn, Disselhof, Koning Stadhouderlaan, GD	2009	100%	85	0	85	99	0	126	1095
Arnhem, Amsterdamseweg, Rosorum, GD	2009	100%	20	0	20	16	41	16	350
Arnhem, Ginnekenstraat, Kroonse Wal, GD	1988	100%	30	0	30	26	0	0	238
Arnhem, Hoogvliethof, Elderveld 231, GD	1976	100%	73	73	0	85	0	19	556
Arnhem, Hooghalensingel, Vredenburg, GD	1974	100%	162	162	0	204	0	6	1427
Assen, Aardbeihof, Kloosterhoven, DR	2004	100%	2	2	0	3	0	0	25
Assen, Zuidhaege, Zuidhaege, DR	1997	100%	60	0	60	57	0	56	588
Assen, Roegoorn, Marsdijk, DR	1990	100%	36	36	0	36	0	0	331
Assen, Groenkampen, Peelo, DR	1986	100%	57	57	0	70	0	0	400
Beek, Kastanjelaan, Beatrixlaan, LB	1983	100%	18	18	0	20	0	0	140
Bergen op Zoom, Ansjovislaan, Villa Murano, NB	2009	100%	17	0	17	18	0	17	189
Bergen op Zoom, Ansjovislaan, Laguna, NB	2008	100%	33	0	33	35	0	33	382
Bergen op Zoom, Statietjalk, Landmark, NB	2004	100%	33	0	33	38	0	33	382
Bergen op Zoom, Agger, Bergse Plaat Fa V, NB	1995	100%	30	30	0	41	0	0	313
Bergen op Zoom, Ansjovislaan, De Weer, NB	1994	100%	52	0	52	57	0	60	532
Bergen op Zoom, Ansjovislaan, De Weer, NB	1994	100%	76	0	76	84	0	84	760
Bergen op Zoom, Agger, Bergse Plaat Fa II, NB	1993	100%	34	34	0	41	0	0	334
Bergen op Zoom, Duvenee, Bergse Plaat Fa I, NB	1991	100%	92	92	0	111	0	0	807
Bergen op Zoom, Zandstraat, Leemberg, NB	1975	100%	28	28	0	25	0	0	189
Breda, Ceresstraat, Hoefijzers, NB	2011	100%	42	0	42	49	0	46	596
Breda, Lovensdijkstraat, Vredenbergh - fase 2, NB	2011	100%	124	0	124	148	0	130	1968
Breda, Nonnenveld, Paleis, NB	2005	100%	68	0	68	88	0	71	1004
Breda, Lovensdijkstraat, Vredenbergh, NB	2004	erf	102	0	102	75	1734	56	1532
Breda, Blauwtjes, Waterjuffer, NB	1999	100%	36	0	36	33	0	5	361
Breda, Argusvlinder, Argusvlinder, NB	1999	100%	64	0	64	42	0	0	369
Breda, Lachappellestraat, Lachappellestraat, NB	1961	100%	62	0	62	41	0	17	438
Brummen, Buizerdstraat, De Enk, GD	1974	100%	50	50	0	60	0	4	420
Bunnik, Esdoorn, Dalenoord VII, UT	1989	100%	18	18	0	17	0	0	144
Bunnik, Koekoeksbloem, Dalenoord VII, UT	1989	100%	16	0	16	12	0	0	129

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Capelle a/d IJssel, Slotplein, Slotplein, ZH	1997	100%	80	0	80	86	0	0	855
Capelle a/d IJssel, Rigoletto, Louvre/Rigoletto, ZH	1983	100%	69	0	69	53	0	0	495
Capelle a/d IJssel, Librije, Hermitage, ZH	1983	100%	49	49	0	48	0	0	416
Capelle a/d IJssel, Doelen, Doelen en Louvre, ZH	1983	100%	72	72	0	71	0	0	615
Culemborg, Akelei, Voorkoop, GD	1985	100%	40	40	0	49	0	0	376
Den Bosch, Bordeslaan, Paleiskwartier, NB	2004	100%	23	0	23	26	0	30	366
Den Bosch, Pisastraat, Pisastaete, NB	1989	100%	65	0	65	52	0	0	553
Den Bosch, Natewischstede, Maaspoort, NB	1987	100%	48	48	0	45	0	0	418
Den Bosch, Kruiskampsingel, Meanderflat, NB	1968	100%	149	0	149	128	0	37	1173
Den Haag, Van Hogenhoucklaan, Hubertusstaete, ZH	2010	100%	22	0	22	28	0	26	487
Den Haag, Prins Willem Alexanderweg, La Fenêtre, ZH	2005	erf	110	0	110	134	0	122	1954
Den Haag, Laakweg, Piazza, ZH	1998	erf	73	0	73	69	0	58	599
Den Haag, De Brink, Kraayenstein I, ZH	1975	100%	123	7	116	97	0	103	905
Den Haag, Noorderbrink, Kraayenstein II, ZH	1975	100%	224	224	0	270	0	0	2695
Den Haag, Westkapellelaan, Deltaplein, ZH	1972	100%	96	0	96	79	0	25	822
Deurne, Appeldijk, Den Heiakker, NB	1983	100%	12	12	0	14	0	0	93
Deventer, Bitterzoet, splitsing van c569: Colmschate, OV	1985	100%	41	41	0	47	0	0	316
Deventer, Bitterzoet, Colmschate, OV	1984	100%	59	59	0	67	0	0	452
Diemen, Polderland, Diemen Zuid, NH	1986	100%	169	169	0	183	0	0	1656
Diemen, Hartschelp, Hartschelp, NH	1983	100%	62	62	0	66	0	0	703
Diemen, Biesbosch, Biesbosch, NH	1978	100%	148	148	0	191	0	0	1655
Doetinchem, Boekweidreef, De Huet, GD	1983	100%	89	89	0	99	0	0	660
Doetinchem, Lorentzlaan, Boerhaavelaan, GD	1973	100%	163	163	0	210	0	0	1265
Dordrecht, Van Ravesteyn-erf, Groene Oever, ZH	1995	100%	84	0	84	77	0	0	853
Duiven, Thuvinestraat, Eltingerhof, GD	1975	100%	89	89	0	100	0	0	638
Eindhoven, Opwettensemolen, splitsing van c713: Woens.Waterm. 2+3, NB	1989	100%	18	0	18	15	0	0	144
Eindhoven, Picushof, splitsing van c1109: Picusterrein, NB	2002	100%	36	0	36	33	0	0	396
Eindhoven, Cassandraplein, Cassandraplein, NB	2008	100%	30	0	30	35	1004	32	581
Eindhoven, Monseigneur Swinkelstraat, Kloosterdreef, NB	2008	100%	36	0	36	40	0	36	464
Eindhoven, Smalle Haven, Vestedatoren, NB	2006	100%	42	0	42	55	938	79	972
Eindhoven, Tesselschadelaan, Granida, NB	2004	100%	30	0	30	39	0	48	548
Eindhoven, Tongelresestraat, Picushof, NB	2001	100%	22	22	0	27	0	0	246
Eindhoven, Venbergsemolen, Venbergsemolen, NB	1989	100%	134	0	134	113	0	0	1158
Eindhoven, Bisschopsmolen, Woenselse Watermolen, NB	1988	100%	202	202	0	243	0	0	2057
Eindhoven, Opwettensemolen, Opwettensemolen, NB	1986	100%	178	0	178	133	0	112	1492
Eindhoven, generaal Marshallweg, Rapenland, NB	1984	100%	25	25	0	24	0	0	209
Eindhoven, generaal Stedmanstraat, Rapenland, NB	1984	100%	70	0	70	51	0	2	520
Emmen, Klepel, Ermerstede, DR	1990	100%	40	0	40	36	0	45	386
Emmen, Eidereend, Eendenveld, DR	1990	100%	33	33	0	32	0	0	282
Enschede, Mooienhof, Mooienhof, OV	2003	100%	87	0	87	90	875	0	933
Enschede, Walkottelanden, Stroinkslanden, OV	1982	100%	39	39	0	42	0	0	308
Geldrop, Herdersveld, Grote Bos, NB	1978	100%	95	95	0	97	0	0	833
Geleen, Dassenkuillaan, Dassenkuil II, LB	1988	100%	11	11	0	12	0	0	87
Geleen, Schrynwerkersd, Dassenkuil I, LB	1987	100%	11	11	0	12	0	0	90
Grave, Estersveldlaan, Estersveld, NB	1972	100%	40	40	0	48	0	27	313
Groningen, Reitdiephaven, Reitdiep Haven, GR	2010	100%	47	0	47	45	0	47	530
Groningen, Bloemersmaborg, Klein Martijn, GR	1997	100%	28	0	28	29	0	0	308
Groningen, Van Goghstraat, Waterrand, GR	1994	100%	72	0	72	59	0	73	666
Groningen, Steenhouwerskade, Zuiderhavenring, GR	1983	100%	70	0	70	56	0	0	580
Groningen, Steenhouwerskade, Zuiderhavenring, GR	1982	100%	53	0	53	47	0	92	563
Groningen, Zuiderweg, Hoogkerk, GR	1976	100%	121	121	0	125	0	26	835
Haarlemmermeer, Boekestraat, Jacob, Warande, NH	1969	100%	40	40	0	46	0	20	402
Heemstede, Floradreef, Prinseneiland, NH	1990	100%	38	38	0	43	0	0	372
Heerenveen, Poststraat, Poststraat, FR	1995	100%	52	0	52	49	0	0	483
Heerenveen, Barten, Nye Haske, FR	1987	100%	69	69	0	80	0	0	562

Project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	COG	park	rent
Heerlen, Vruschemigerweg, splitsing van c331: Douve Weien 1, LB	1979	100%	82	82	0	93	0	0	729
Heerlen, Sint Pietershof, Klein Vaticaan, LB	2004	100%	23	0	23	26	0	24	313
Heerlen, Putgraaf, Putgraaf Residentie, LB	1989	100%	66	0	66	59	79	75	634
Heerlen, Dillegaard, Douve Weien, LB	1983	100%	70	0	70	50	0	13	444
Heerlen, Putgraaf, Parkflat, LB	1982	100%	93	0	93	71	0	175	831
Heerlen, Marjoleingaard, Douve Weien, LB	1982	100%	60	60	0	65	0	0	467
Heerlen, Palestinastraat, Giesen-Bautsch, LB	1980	100%	38	38	0	41	0	0	294
Heerlen, Drieoortspuit, Douve Weien 2, LB	1979	100%	67	0	67	41	0	65	367
Heerlen, Poelmanstraat, Douve Weien 1, LB	1978	100%	79	79	0	81	0	0	659
Hengelo, 't Swafert, 't Swafert, OV	2000	100%	349	0	349	98	0	0	2142
Hengelo, het Swafert, 't Swafert, OV	2000	100%	68	0	68	0	0	0	399
Hengelo, het Swafert, 't Swafert, OV	2000	100%	0	0	0	0	0	0	56
Hengelo, Jan van Galenstraat, Gerarduspark, OV	1995	100%	44	0	44	35	0	0	348
Hillegom, L. van Deysseleaan, L. van Deysseleaan, ZH	1983	100%	36	36	0	38	0	0	338
Hillegom, J.Prinsheem, Prinsheem, ZH	1983	100%	64	64	0	67	0	0	628
Hilversum, Loosdrechtse Bos, Resort Zonnestraal, NH	2004	erf	42	0	42	62	0	0	1108
Hoogezand-Sappemeer, Gerbrandyhof, Drevenborg, GR	1991	100%	44	0	44	37	0	0	358
Huis ter Heide, Ruysdaellaan, De Horst, UT	2003	100%	51	0	51	28	0	0	842
Huizen, Herik, Huizermaat-West, NH	1976	100%	199	199	0	186	0	29	1976
Kerkrade, Mynwg, Straterweg, LB	1987	100%	35	35	0	36	0	0	275
Leeuwarden, De Malus, Zuiderplantage, FR	2007	100%	31	0	31	29	0	0	298
Leeuwarden, Krommezijl, Zuiderburen, FR	2005	100%	36	0	36	44	0	36	398
Leeuwarden, Frittemastate, Camminghaburen, FR	1989	100%	31	31	0	31	0	0	285
Leeuwarden, Ubbemastins, Parkflat, FR	1987	100%	62	0	62	54	0	0	465
Leeuwarden, Frittemastate, Groene Hart, FR	1986	100%	134	134	0	155	0	4	1024
Leeuwarden, Stizenflora, Aldlan Oost, FR	1977	100%	160	160	0	165	0	11	1229
Leiden, Julius Caesarlaan, Roomburg, ZH	2008	100%	26	0	26	31	0	29	404
Leiden, Parkzicht, Merenwijk, ZH	1979	100%	97	0	97	75	0	0	711
Leiden, Stadzicht, Merenwijk, ZH	1979	100%	90	0	90	67	0	1	638
Leiden, Molenzicht, Merenwijk, ZH	1979	100%	39	0	39	29	0	1	276
Leiderdorp, Laan van Berendrecht, Parkpromenade Berendrecht, ZH	2004	100%	72	0	72	102	527	0	1264
Leiderdorp, Waterleliekreek, Voorhof, ZH	1978	100%	99	99	0	123	0	0	1025
Leiderdorp, Rozemarijntuin, Voorhof, ZH	1978	100%	120	0	120	97	0	9	861
Leiderdorp, Roodborststraat, Vogelwijk, ZH	1972	100%	57	0	57	45	0	10	413
Leiderdorp, Lokhorst, De Horsten, ZH	1970	100%	77	0	77	76	0	26	647
Leidschendam, Neherpark, Neherpark, ZH	2009	100%	30	0	30	33	0	35	445
Leidschendam, Schadeken, 't Lien, ZH	1985	100%	127	127	0	135	0	0	1360
Lelystad, Tjalk, Gebied 243, FL	1981	100%	124	124	0	126	0	0	822
Lelystad, Kogge, De Kogge I, FL	1977	100%	61	61	0	70	0	0	479
Lelystad, Kogge, De kogge II, FL	1977	100%	60	60	0	67	0	0	468
Leusden, Hertenhoeve, Centrum, UT	1979	100%	40	40	0	37	0	14	380
Maarssen, Proostwetering, Op Buuren blok 9A (huur), UT	2012	100%	18	0	18	18	0	20	295
Maarssen, J. Homan van der Heideplein, Op Buuren blok 10B, UT	2012	100%	34	0	34	34	162	35	475
Maarssen, Proostwetering, Op Buuren blok 9A (koop), UT	2012	100%	23	0	23	30	0	35	473
Maarssen, de Hoopkade, Op Buuren blok 6, UT	2011	100%	23	0	23	28	0	36	423
Maarssen, J. Homan van der Heideplein, Op Buuren blok 10A, UT	2010	100%	10	0	10	11	0	12	157
Maarssen, de Hoopkade, Op Buuren blok 3, UT	2010	100%	18	0	18	23	0	33	385
Maarssen, Proostwetering, Op Buuren blok 7, UT	2009	100%	23	0	23	28	0	33	388
Maastricht, Bergruimte (voorm.huism.bergr hoek Heug/, splitsing van c760: Ceramique, LB	1994	100%	82	0	82	63	0	65	660
Maastricht, Mosalunet, splitsing van c1098: Cortile B18/20/21, LB	2003	100%	54	0	54	56	0	0	678
Maastricht, Stellalunet, Ceramique Blok 30a, LB	2010	100%	18	0	18	21	974	30	475
Maastricht, Prins Bisschopsingel, WML-gebouw, LB	2009	100%	25	0	25	37	0	37	582
Maastricht, Papenweg, St. Pieter, LB	2008	100%	7	0	7	9	445	1	236
Maastricht, Boschcour, blok 22 Ceramique, LB	2007	100%	82	0	82	102	860	119	1490
Maastricht, Boschcour, blok 22 Ceramique, LB	2007	100%	7	0	7	11	0	0	125

Project

(municipality, first street name, project name, province)	year	land	u	fh	mo	ua	COG	park	rent
Maastricht, Avenue Ceramique, Wiebengahal, LB	2006	erf	0	0	0	0	3363	0	398
Maastricht, Savelsbosch, Vroendaal, LB	2003	100%	12	12	0	21	0	0	217
Maastricht, Sphinxlunet, Cortile, LB	2002	100%	66	0	66	70	0	0	836
Maastricht, Bellefroidlunet, Stoa, LB	2002	100%	66	0	66	104	95	89	1814
Maastricht, Avenue Ceramique, Toren van Siza, LB	2001	100%	40	0	40	47	714	0	850
Maastricht, Plein 1992, Residence, LB	2000	100%	31	0	31	34	0	8	435
Maastricht, Sphinxlunet, Cortile, LB	1999	100%	37	0	37	39	466	0	534
Maastricht, Sphinxlunet, Cortile Parking, LB	1999	100%	0	0	0	0	0	189	203
Maastricht, Akerstraat, Ceramique, LB	1993	100%	84	0	84	82	207	70	897
Maastricht, Kasteel Caestertstraat, Nazareth, LB	1987	100%	23	9	14	19	0	21	162
Maastricht, Erasmusdomein, Randwijck, LB	1986	100%	102	0	102	80	0	64	854
Maastricht, Heerderweg, Heerderweg, LB	1985	100%	202	0	202	145	0	107	1477
Maastricht, Ellecuyngaard, Eyldegaard, LB	1982	100%	22	22	0	26	0	0	197
Maastricht, Via Regia, Via Regia, LB	1977	100%	66	0	66	43	0	80	377
Middelburg, Touwbaan, Maisbaai Fase I, ZE	1990	100%	56	0	56	57	0	60	542
Nieuwegein, Hermesburg, Batau Noordrand, UT	1988	100%	56	56	0	57	0	0	522
Nieuwerkerk a/d IJssel, Bladmos, Zuidplaspolder, ZH	1979	100%	46	46	0	49	0	0	403
Nieuw-Vennep, Haendelplein, Getsewoud, NH	2002	100%	76	0	76	57	0	0	622
Nijmegen, Weezenhof 67, splitsing van c219: Weezenhof 1, GD	1973	100%	61	61	0	65	0	22	549
Nijmegen, Rode kruislaan, Park Heyendaal, GD	1996	100%	90	0	90	93	0	0	1078
Nijmegen, Nw marktstraat, Kronenburger, GD	1991	100%	142	0	142	136	323	151	1576
Nijmegen, Weezenhof, Weezenhof, GD	1972	100%	84	84	0	110	0	21	822
Nijmegen, Lankforst, Lankforst, GD	1969	100%	75	75	0	95	0	20	619
Noordwijk, Fuikhoren, Fuikhoren, ZH	1985	100%	67	67	0	73	0	0	597
Noordwijk, Schaalhoren, Schaalhoren, ZH	1983	100%	66	66	0	69	0	0	609
Oosterhout, Beethovenlaan, Oosterheide 2, NB	1971	100%	24	24	0	34	0	8	206
Oosterhout, Verdijkstraat, Oosterheide 1, NB	1969	100%	32	32	0	41	0	12	257
Oss, Kerkstraat, Boschpoort, NB	1982	100%	17	0	17	12	955	47	199
Ouder-Amstel, Clarissenhof, Clarissenhof, NH	1977	100%	101	101	0	101	0	8	1061
Papendrecht, Pontonniersweg, Buitenwaard, ZH	1991	100%	63	0	63	71	0	17	732
Purmerend, Cocqgracht, De Purmer, NH	1983	erf	86	86	0	77	0	0	643
Renkum, Graaf van Rechterenweg, Rechterenborg, GD	1993	100%	62	0	62	57	0	39	577
Rhoon, Marskramer, Baljum, ZH	1982	100%	67	67	0	80	0	0	613
Rijswijk, Hilvoordestraat, Over De Boogaard, ZH	1979	erf	122	0	122	63	0	0	805
Rijswijk, Prinses Beatrixlaan, Prinses Beatrixlaan, ZH	1975	100%	146	0	146	122	195	136	1132
Rijswijk, Prinses Beatrixlaan, Prinses Beatrixlaan, ZH	1975	100%	72	0	72	56	107	68	543
Rijswijk, Prinses Beatrixlaan, Prinses Beatrixlaan, ZH	1975	100%	89	0	89	67	88	92	646
Rijswijk, Clavecimbellaan, Clavecimbellaan, ZH	1974	100%	160	0	160	172	0	58	1419
Rijswijk, Churchillaan, Churchillaan, ZH	1969	100%	215	0	215	241	0	19	2003
Roermond, Begynhofstr, splitsing van c463: Ursula, LB	1987	100%	0	0	0	0	4962	0	502
Roermond, Achter de Cattenoren, Casimir, LB	2010	100%	56	0	56	62	0	67	737
Roermond, Dionisiusstraat, Ursula, LB	1986	100%	290	0	290	217	0	341	2083
Roermond, Ambachtsingel, Hoogvonderen, LB	1981	100%	49	49	0	57	0	0	350
Roosendaal, Dolomietdijk, Kortendijk Oost I, NB	1981	100%	24	24	0	28	0	0	179
Roosendaal, Pastoor van Akenstraat, Molenbeekstraat, NB	1970	100%	29	29	0	38	0	7	234
Rosmalen, Leyborch, Dommelborch, NB	1985	100%	54	54	0	47	0	0	419
Rotterdam, van der Hoevenplein, New Orleans - COG, ZH	2012	100%	0	0	0	0	4981	0	689
Rotterdam, van der Hoevenplein, New Orleans - woningen, ZH	2012	100%	149	0	149	152	0	0	2611
Rotterdam, van der Hoevenplein, New Orleans - short stay, ZH	2012	100%	25	0	25	25	0	0	533
Rotterdam, van der Hoevenplein, New Orleans - parkeren, ZH	2012	100%	0	0	0	0	0	201	385
Rotterdam, van der Hoevenplein, New Orleans - leisure, ZH	2012	100%	0	0	0	0	0	0	0
Rotterdam, Maashavenkade, Parkkwartier Katendrecht, ZH	2010	100%	27	0	27	25	0	28	313
Rotterdam, Ien Daleshof, Parktoren, ZH	2009	100%	47	0	47	52	334	66	797
Rotterdam, Wierdsmaplein / Landverhuizersplein, Montevideo, ZH	2005	erf	67	0	67	83	0	67	1324
Rotterdam, Gedempte Zalmhaven, De Hoge Heren, serviced appartments, ZH	2001	erf	71	0	71	85	0	0	1243

Project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	COG	park	rent
Rotterdam, De Boompjes, De Boompjes II, ZH	2001	erf	0	0	0	0	1480	0	176
Rotterdam, Gedempte Zalmhaven, De Hoge Heren, ZH	2000	erf	140	0	140	167	482	330	2543
Rotterdam, Admiraliteitskade, Oostmolenwerf, ZH	1994	erf	86	0	86	77	490	69	1100
Rotterdam, Strevelsweg, Poort Van Zuid, ZH	1994	erf	93	0	93	82	0	77	776
Rotterdam, Kouwenbergzoom, Clazina, Loreleiflat, ZH	1992	erf	59	0	59	51	0	0	577
Rotterdam, Nieuwehaven, Nieuwehaven, ZH	1991	erf	89	0	89	79	601	40	930
Rotterdam, Buitenbassinweg, Buitenbassinweg, ZH	1991	erf	95	0	95	79	0	0	772
Rotterdam, Govert Terlouwstraat, Ringvaartplasbuurt, ZH	1991	erf	42	42	0	47	0	0	474
Rotterdam, Watertorenweg, Watertorenweg, ZH	1990	erf	108	0	108	90	0	0	886
Rotterdam, Govert Terlouwstraat, Ringvaartplasbuurt, ZH	1990	erf	53	53	0	57	0	0	562
Rotterdam, Den Uylsingel, Dosiotoren, ZH	1989	erf	82	0	82	65	0	0	615
Rotterdam, Boompjes, De Boompjes I, ZH	1988	erf	112	0	112	76	3173	98	1361
Rotterdam, Ton Wijkampstraat, Zevenkamp, ZH	1988	erf	49	49	0	53	0	0	486
Rotterdam, Boompjes, De Boompjes I, ZH	1988	erf	112	0	112	76	1685	0	977
Rotterdam, Boompjes, De Boompjes I, ZH	1988	erf	112	0	112	76	2349	115	1262
Rotterdam, Cromme Meth, Cromme Meth, ZH	1987	erf	24	24	0	24	0	0	197
Rotterdam, Admiraal de Ruyterweg, Linker Rottekade, ZH	1985	erf	246	0	246	149	276	158	1646
Rotterdam, Hamelpad, Sneevlietstraat, ZH	1984	erf	52	52	0	50	0	0	433
Rotterdam, Bottelroos, Heydnahof, ZH	1983	erf	161	161	0	175	0	0	1685
Rotterdam, Stekelbrem, Brembuurt, ZH	1973	100%	131	131	0	170	0	27	1553
Sassenheim, Caleche, Brik, ZH	1986	100%	61	61	0	64	0	0	563
Sassenheim, Landauer, Berline en Landauer, ZH	1985	100%	42	42	0	44	0	0	394
Schagen, Fazantenhof, Fazantenhof, NH	1973	100%	78	78	0	101	0	0	719
Schagen, Patrijzenhof, Patrijzenhof, NH	1973	100%	91	91	0	117	0	0	831
Schiedam, Huis Te Merwestraat, Woudhoek, ZH	1984	erf	184	184	0	195	0	0	1841
Schiedam, Chopinplein, Groenoord, ZH	1971	100%	392	0	392	350	35	29	2800
Sittard, Odasingel, Dominicaan, LB	2012	100%	28	0	28	32	0	29	389
Sittard, Kollenberg, Kollenbergerhof III, LB	1988	100%	37	37	0	41	0	0	304
Sittard, Ruttenlaan, Kollenbergerhof II, LB	1987	100%	52	0	52	38	0	78	392
Sittard, Blijdestein garage, Kollenbergerhof I, LB	1986	100%	66	0	66	47	0	23	478
Stiens, St. Vitusplein, Sint Vitusplein, FR	1999	100%	30	0	30	21	0	0	182
Susteren, Raadhuispln, Middelveld, LB	1983	100%	13	13	0	11	0	0	95
Tilburg, Buxusplaats, Holland-terrein, NB	2007	100%	99	0	99	112	0	107	1257
Tilburg, Hillegomlaan, Reeshof, NB	1990	100%	56	56	0	73	0	0	481
Tilburg, Anna Paulownahof, Anna Paulonahof, NB	1989	100%	218	0	218	154	0	54	1582
Tilburg, Schoolstraat, Elegance, NB	1989	100%	174	0	174	140	0	45	1396
Vaals, Bloemendalstraat, Bloemendal, LB	1998	100%	41	0	41	37	0	39	363
Valkenburg a/d Geul, Cauberg, Caubergklooster, LB	2007	100%	41	0	41	27	0	0	773
Valkenburg a/d Geul, Spoorlaan, De Valk/Spoorlaan, LB	1994	100%	27	0	27	27	0	20	252
Valkenburg a/d Geul, Oranje Nassau, Nassauflat, LB	1982	100%	88	0	88	59	0	87	616
Velsen, Sterbastion, Sterbastion, NH	2001	100%	67	0	67	63	0	0	611
Velsen, Maanbastion, Maanbastion, NH	1990	100%	122	0	122	89	0	43	1062
Venlo, Morion, Centrum-Zuid, LB	2000	100%	31	31	0	36	0	0	269
Venlo, Gruttostraat, Centrum-Zuid, LB	1997	100%	28	0	28	26	0	41	213
Venlo, Gruttostraat, Centrum-Zuid, LB	1995	100%	32	32	0	43	0	0	314
Venlo, Harry Hollastraat, Groeneveld IV, LB	1993	100%	31	31	0	37	0	0	308
Venlo, Gebroeders Daelstraat, Groeneveld II, LB	1991	100%	13	13	0	15	0	0	104
Venlo, Harry Meijerstraat, Groeneveld II, LB	1991	100%	72	0	72	66	0	0	528
Venlo, Klingerbergsingel, Klingerberg, LB	1984	100%	34	34	0	39	0	0	259
Vleuten-De Meern, Molenpolder, Meiborg, UT	2003	100%	28	0	28	43	0	42	407
Vleuten-De Meern, Molenpolder, Weideborg, UT	2003	100%	32	0	32	33	152	31	377
Vleuten-De Meern, Ridderhoflaan, Secr.Versteeglaan, UT	1969	100%	146	146	0	174	0	8	1487
Voorburg, Kersengarde, Kersengarde, ZH	1976	100%	118	118	0	141	0	0	1468
Voorburg, Rodelaan, Rodelaan, ZH	1976	100%	149	0	149	106	0	80	1074
Voorburg, Appelgaarde, Kersengarde, ZH	1976	100%	109	109	0	132	0	0	1346
Voorburg, Populierendreef, Populierenlaan, ZH	1975	100%	124	0	124	87	0	167	853

Project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	COG	park	rent
Voorburg, Distelweide, Distelweide, ZH	1974	100%	40	40	0	45	0	14	547
Voorhout, Zwanebloemstraat, Bloemenschans, ZH	1985	100%	49	49	0	56	0	0	475
Wageningen, Morfelden-Walldorfplein, Nobelpark, GD	2011	100%	28	0	28	30	0	28	353
Wageningen, Elstar, Park Haagsteeg, GD	2010	100%	28	0	28	35	0	28	426
Wassenaar, van Wassenaer Obdamlaan, Zijlwatering, ZH	1992	100%	32	32	0	43	0	0	551
Wassenaar, Van Polanenpark, Zijlwatering, ZH	1972	100%	72	72	0	101	0	27	880
Weert, Ceres, Beekpoort, LB	2009	100%	40	0	40	41	0	40	514
Wijchen, Abersland, Abersland, GD	1988	100%	36	36	0	40	0	0	298
Wijchen, Abersland, Abersland, GD	1987	100%	75	75	0	76	0	0	637
Woerden, Hoge Rijndijk, Heeren van Woerden, UT	2010	100%	46	0	46	37	0	70	528
Zoetermeer, Elia Kazanstrook, splitsing van c318: Buyten Leyens C, ZH	1980	100%	39	0	39	36	0	9	289
Zoetermeer, Bordeauxstraat, Frankrijklaan, ZH	1987	100%	41	41	0	42	0	0	397
Zoetermeer, Reimsstraat, Reimsstraat, ZH	1987	100%	108	0	108	82	0	108	996
Zoetermeer, Bunuelstrook, Buytenwegh De Leyens, ZH	1979	100%	347	338	9	407	172	0	3111
Zoetermeer, Heijermanshove, Buytenwegh De Leyens, ZH	1979	100%	109	41	68	99	0	0	857
Zoetermeer, Gaardedreef, Seghwaert, ZH	1978	100%	25	25	0	29	0	0	228
Zoetermeer, Zilverberg, Meerzicht, ZH	1975	100%	63	63	0	75	0	103	637
Zoetermeer, Dunantstraat, Molenwijk, ZH	1973	100%	158	0	158	138	805	205	1159
Zutphen, Verdijkstraat, Gerard Doustraat, GD	2007	100%	34	0	34	43	0	34	496
Zwolle, Zaan, splitsing van c166: AA Landen, OV	1970	100%	84	84	0	103	0	48	806
Zwolle, Stadhouderslaan, Oldenelerlanden, OV	1988	100%	94	94	0	109	0	0	814
Zwolle, Tak van poortvlietware, Ittersumerlanden, OV	1987	100%	39	39	0	40	0	5	317
Zwolle, Van bosseware, Ittersumerlanden, OV	1984	100%	136	136	0	162	0	0	1075
Zwolle, Schie, AA Landen, OV	1969	100%	126	126	0	153	0	74	1228
			25,100	10,108	14,992	24,999	50,491	10,217	258,558

Annex 2: INREV, IVBN and IPD/ ROZ

INREV STYLE CLASSIFICATION

INREV¹ 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 property investment fund with its own asset 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%.

	INREV target	Vesteda LT target	Vesteda realisation 2012
Operational variables			
Non-income producing investments as a percentage of fund gross asset value	≤ 15% (Core)	≤ 7.5%	0.5%
Return derived from income distribution	≥ 60%	≥ 60%	Realised yield 3.6% Unrealised yield -8.7%
(re)Development exposure as a percentage of fund gross asset value	≤ 5% (Core)	≤ 2.5%	1.2%
Leverage			
Maximum permitted loan-to-value as a percentage of fund gross asset value	≤ 40% (Core)	≤ 30%	37%

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
Letting portfolio	Portfolio sub portfolio	Letting portfolio single-unit and multiple residency 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.

¹ European Association for Investors in Non-listed Real Estate Vehicles. This organisation plays a role promoting transparency in the growing IPD/ROZ market for unlisted property investment vehicles in Europe > www.inrev.org

IPD/ROZ

Relative performance as residential property investment

Vesteda compares its yield against the average yield on investments in Dutch residential properties. Based on the quarterly indices for 2012, Vesteda's direct yield was 0.2% over the benchmark and the indirect yield was 1.3% under the benchmark.

Vesteda compares its yield with the IPD Netherlands 'All Residential' annual benchmark that expresses the average yield 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.

The results for 2012 and the three and five-year averages in the table below are based partly on the results of the IPD quarterly indices for 2012. These may differ slightly from the results published in the annual index. The results from 2008 to 2011 are based on the annual benchmark.

Vesteda Residential Fund versus IPD benchmark

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

	Annual average					Average of past	
	2012	2011	2010	2009	2008	3yrs	5yrs
Direct yield							
Vesteda Residential Fund	4.5	4.1	4.1	4.0	3.8	4.2	4.1
IPD-benchmark	4.2	4.1	4.0	3.7	3.6	4.1	3.9
Outperformance	0.2	0.0	0.1	0.3	0.2	0.1	0.2
Indirect yield							
Vesteda Residential Fund	-5.1	-3.4	-2.7	-6.4	-2.4	-3.7	-4.0
IPD-benchmark	-3.7	-2.2	-1.5	-6.4	-0.8	-2.5	-3.0
Outperformance	-1.4	-1.2	-1.2	0.1	-1.6	-1.3	-1.1
Total yield							
Vesteda Residential Fund	-0.8	0.6	1.3	-2.6	1.3	0.3	-0.1
IPD-benchmark	0.3	1.8	2.4	-2.9	2.7	1.5	0.8
Outperformance	-1.2	-1.2	-1.2	0.4	-1.4	-1.2	-0.9

Annex 3: GRI and progress made in CSR policy

GRI NOTES AND REFERENCES

Profile Disclosure	Description	Level of reporting	page number	Comment
1. Strategy and Analysis				
1,1	Statement from the most senior decision-maker of the organisation	100%	6-7, 18-20, 23-24, 48-52	Company profile, Strategy, Introduction of Managing Board, CSR
1,2	Description of key impacts, risks, and opportunities.	100%	48-52, 70	CSR, Risk Management
2. Organisational Profile				
2,1	Name of the organisation.	100%	6-7	Company profile
2,2	Primary brands, products, and/or services.	100%	6-7	Company profile
2,3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	100%	6-7 53-56, 66-67	Company profile, Staff and organisation, Legal structure
2,4	Location of organisation's headquarters.	100%	54, Backside annual report	Staff and organisation
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%	6-7	Company profile
2,6	Nature of ownership and legal form.	100%	66-67	Legal structure
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	100%	6-7, 41-47	Company profile, The Dutch housing market
2,8	Scale of the reporting organisation.	100%	6-7, 53-56	Company profile, Staff and organisation
2,9	Significant changes during the reporting period regarding size,	100%	6-7, 10, 66-67	Company profile, Performance indicators, structure, or ownership. Legal structure
2,10	Awards received in the reporting period.	100%	23-24, 48-52	Introduction by Managing Board, CSR
3. Report Parameters				
3,1	Reporting period (e.g., fiscal/calendar year) for information provided.	100%	Frontpage annual report	2012
3,2	Date of most recent previous report (if any).	100%	annual report	2011
3,3	Reporting cycle (annual, biannual, etc.)	100%	Frontpage annual report	Every year
3,4	Contact point for questions.	100%	Last page	Publisher
3,5	Process for defining report content.	0%		
3,6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	100%	76-112	Vesteda financial statements
3,7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope).	100%	76-112	Vesteda financial statements
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%	66-67	Legal 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%	76-112	Vesteda financial statements
3,10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	100%		re-statements
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	100%	48-52	CSR reporting level

Profile Disclosure	Description	Level of reporting	page number	Comment
3,12	Table identifying the location of the Standard Disclosures in the report.	100%	126-131	This table
3,13	Policy and current practice with regard to seeking external assurance for the report.	100%	112	Independent auditors' report
4. Governance, Commitments, and Engagement				
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%	14, 22, 55	Supervisory Committee, Managing Board, New organisation
4,2	Indicate whether the Chair of the highest governance body is also an executive officer.	100%	14, 22	Supervisory Committee, Managing Board
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%	14, 22	Supervisory Committee, Managing Board
4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	100%	62-63, 68-69	Report of the Works Council, Corporate governance
4,5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	100%	53, 68-69	CSR, Staff and organisation, Corporate governance
4,6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	100%	68-69	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%	68-69	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%	68-69	Corporate governance
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%	48-52, 70-73, 74	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%	68-69	Corporate governance
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	100%	70-73, 74	Risk Management
4,12	Externally developed economic, environmental, and social charters, principles or other initiatives to which the organisation subscribes or endorses.	100%	6-7, 48-52	Company profile, CSR
4,13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	100%	6-7	Company profile
4,14	List of stakeholder groups engaged by the organisation.	50%	48-52	CSR
4,15	Basis for identification and selection of stakeholders with whom to engage.	100%	48-52	CSR
4,16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	100%	48-52, 133	CSR, Customer survey
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%	48-52, 133	CSR, Customer survey

Standard disclosures part III: performance indicators

Profile	Description	Level of reporting	page number	Comment
Economic				
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%	11-12, 76-112	Key figures, Vesteda financial statements
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues.	100%	48-52, 70-73, 74	CSR, Risk Management
EC3	Coverage of the organisation's defined benefit plan obligations.	0%		
EC4	Significant financial assistance received from government.	0%		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	0%		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	0%		
EC7	Procedures for local hiring and proportion of senior management and all direct employees, contractors and sub-contractors hired from the local community at significant locations of operation.	0%		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	0%		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	100%	41-47	The Dutch housing market
Environmental				
EN1	Materials used by weight, value or volume.	0%		
EN2	Percentage of materials used that are recycled and reused input materials.	0%		
EN3	Direct energy consumption by primary energy source.	100%	48-52	CSR
EN4	Indirect energy consumption by primary source.	100%	48-52	CSR
CRE1	Building energy intensity.	100%	48-52	CSR
EN5	Energy saved due to conservation and efficiency improvements.	0%		
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%	48-52	CSR
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	100%	48-52	CSR
EN8	Total water withdrawal by source.	100%	48-52	CSR, not available
EN9	Water sources significantly affected by withdrawal of water.	0%		
EN10	Percentage and total volume of water recycled and reused.	0%		
CRE2	Building water intensity.	0%		
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.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	100%		Not applicable
EN13	Habitats protected or restored.	100%		Not applicable
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	0%		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	0%		
EN16	Total direct and indirect greenhouse gas emissions by weight.	100%	48-52	CSR
EN17	Other relevant indirect greenhouse gas emissions by weight.	0%		
CRE3	Greenhouse gas emissions intensity from buildings.	0%		
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	0%		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	100%	48-52	CSR

Profile Disclosure	Description	Level of reporting	page number	Comment
EN19	Emissions of ozone-depleting substances by weight.	0%		
EN20	NOx, SOx, and other significant air emissions by type and weight.	0%		
EN21	Total water discharge by quality and destination.	0%		
EN22	Total weight of waste by type and disposal method.	100%	48-52	CSR, not available
EN23	Total number and volume of significant spills.	0%		
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	100%		Not applicable
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	100%		Not applicable
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations.	0%		
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation.	50%	48-52	Green energy certification
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	100%		Not applicable
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 sanctions.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	0%		
EN30	Total environmental protection expenditures and investments by type.	0%		

Social: Labor Practices and Decent Work

LA1	Total workforce by employment type, employment contract, and region broken down by gender.	100%	53-56	Staff and 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%	53-56	Staff and 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 treatment
LA15	Return to work and retention rates after parental leave, by gender.	50%	53-56	Staff and organisation
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%	53-56	Staff and organisation
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	0%		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	100%	53-56	Staff and organisation
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system.	0%		
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	0%		
LA9	Health and safety topics covered in formal agreements with trade unions.	100%	53-56, 62-63	Staff and organisation, Report of the Works Council
LA10	Average hours of training per year per employee by gender and by employee category.	100%	53-56	Staff and organisation, Vesteda does not report on hours of training
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	100%	53-56, 57	Staff and organisation, Outlook
LA12	Percentage of employees receiving regular performance and career	100%	53-56, 68-69	Staff and organisation, Corporate governance

Profile Disclosure	Description	Level of reporting	page number	Comment
LA13	development reviews by gender. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	100%	14, 22, 53-56	Supervisory Committee, Managing Board, Staff and organisation
LA14	Ratio of basic salary of men to women by employee category.	100%		Vesteda makes no distinction between men or woman

Social: Human Rights

HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	0%		
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.	100%	48-52	CSR
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	100%		Not applicable, Dutch law
HR4	Total number of incidents of discrimination and corrective actions taken.	100%	69, 70-74	Corporate governance, Risk management
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	0%		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	100%		Not applicable, Dutch law
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	100%	69	Ethics
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	100%		Not applicable
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	100%		Not applicable
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	100%		Not applicable
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	100%		Not applicable

Social: Society

SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	0%		
SO9	Operations with significant potential or actual negative and positive impacts on local communities.	0%		
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	0%		
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	100%	53-56	Staff and organisation, no involuntarily displacements
SO2	Percentage and total number of business units analysed for risks related to corruption.	100%	69	Corporate governance, Risk management
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	100%	69	Corporate governance, Risk management
SO4	Actions taken in response to incidents of corruption.	100%	69	Corporate governance, Risk management
SO5	Public policy positions and participation in public policy development and lobbying.	0%		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	0%		

Profile Disclosure	Description	Level of reporting	page number	Comment
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	0%		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	0%		
Social: Product responsibility				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	0%		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	0%		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	0%		
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	100%	48-52	CSR
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	0%		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	100%	133	Customer survey
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	0%		
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

PROGRESS MADE IN CSR POLICY

	Working	period	status
<p><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 operations. Vesteda's operations can make a contribution to minimising the environmental burden.</i></p>			
E	A 15% reduction in energy consumption at our offices by 2015 compared with the end of 2009;	2009-2015	50%
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	100%
E	Introduce a new company car policy in 2012 based on 'green' driving;	2012	100%
E	Focus on working 'new style';	continuing	50%
E	Active deployment of a sustainable IT policy;	continuing	100%
E	Sustainability must always be part of the purchasing policy;	continuing	50%
S	Include the CSR policy in the employees' performance cycle from 2013;	2013	0%
S	Measure employee satisfaction from 2013 through a cyclical survey;	2013	0%
G	Continue to focus on solid corporate governance.	continuing	100%
<p>Housing</p>			
<p><i>All activities relating to customer satisfaction and making Vesteda's portfolio more sustainable are included 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></p>			
E	In 2015, Vesteda must have a 'core' portfolio of buildings with on average a C energy classification (EI: 1,50 or higher). This target must be achieved without affecting yields;	2010-2015	100%
E	Between 2010 and 2015, cutting electricity consumption in common spaces in all complexes by 20% compared with 2009. This target must be achieved without affecting yields;	2010-2015	50%
E	Introduce Energy Management Systems (EMS) in 2012;	2012	50%
E	From 2014, all energy used in common spaces will be bought from green sources. The interim target is 50% by the end of 2012;	2012	100%
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;	2010-2014	50%
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;	2012	88%
E	All timber used in new builds must be from sustainable sources;	since 2012	100%
E	Sustainability must always be a criterion in the selection of contractors;	continuing	50%
S	Maintain customer satisfaction and focus (rating at least 7);	continuing	100%
G	Making the portfolio sustainable must contribute to value maximisation.	continuing	100%
<p>Living</p>			
<p><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></p>			
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	50%
E	Give employees sufficient information to contribute to CSR targets;	continuing	50%
S	Contribute to areas where Vesteda has an involvement (engagement);	continuing	50%
S	Ensure transparent and active communication of the CSR policy;	continuing	100%
G	Active contribution to various CSR initiatives.	continuing	100%

Annex 4: Customer survey

tenants rating of quality of the home constant

Vesteda's tenants are satisfied with their homes which they rated on average 7.3 in 2012, the same as in 2011. The rating of maintenance fell slightly from 7.1 in 2011 to 6.9 in 2012. The perceptions of accessibility and security were rated 7.3 in 2012, as in 2011.

...and the surroundings

The surroundings were rated 7.3 in 2012, exactly in line with the rating for the homes. Our tenants rated the location of amenities at 7.6. The figures for accessibility by car and public transport are moving towards 8. Tranquillity, security and atmosphere in the neighbourhood were all rated higher, at 7, in 2012.

background and motives of new tenants

For the vast majority of new tenants, the main reason for looking for a home was the sale of their previous home. A change in family membership and taking a new job were also significant considerations. This is a different picture from 2011 when a change in family membership or circumstances was among the main reasons. Another change is where our tenants come from. In 2011, 53% of our new tenants were leaving an owner-occupied home, in 2012 this was only 46%. More and more buyers in the current market have preference for renting but it is proving difficult to sell their current home. By comparison, over 60% of our sitting tenants rent because they find it financially more attractive than buying. This percentage has shown an upward trend in recent years.

Location remains the decisive reason why new tenants choose a specific home. Speedy availability also plays a major role.

Our new tenants moved shorter distances in 2012 than in the previous year. Almost 50% moved within the municipality and a third of them within the neighbourhood. In the past year, a smaller percentage (46%) came from single-unit homes than in the previous year (53%).

service processes

New tenants rated the intake and letting process at 7.5 and departing tenants rated the process for ending a lease and handing over the home at 6.9. Sitting tenants rated our service at 6.6. All these ratings are slight improvements compared with the previous year.

background and motives departing tenants

The main immediate reason for leaving a property is still the wish to buy a home, but this argument has lost some of its force in recent years. In second place, high housing costs were still given a reason in 2012. This argument is put forward more often by the group who will continue to rent than the group who will be buying. In the current uncertain economic climate, many people are cutting their housing expenses of necessity or by choice. The reason of taking a new job rose in 2012 to the third place.

50% of departing tenants leave for an owner-occupied home. In 2011 this was that 54% and in 2007 two-thirds of our leavers (66%) left to buy. Departing tenants are moving somewhat further away, 49% remain in the municipality, in 2011 this was 60%. The share that opt to remain in a apartment fell sharply from 42% in 2011 to 34% in 2012.

The main reason given by departing tenants is the choice of location of the home. The size/layout and quality of the home are also significant. The speedy availability of the home is increasing in importance, departure because of a new job may be a reason for this.

customer satisfaction sitting tenants 7.0

The overall customer satisfaction rating for home, surroundings and service was 7.0 in 2012 and so Vesteda rated exactly the same as in 2011.

Customer satisfaction

Vesteda customer survey

Rating (out of 10)

	2012	2011	2010	2009	2008
home	7.2	7.2	7.1	7.1	7.2
surroundings	7.2	7.2	7.1	7.1	7.1
service	6.6	6.5	6.5	6.6	6.8
total	7.0	7.0	6.9	7.0	7.0

Annex 5: Definitions

Asset Management

The part of the organisation responsible for translating the portfolio strategy to property level and so for optimising the portfolio yield.

Deregulated sector

Residential properties with rents above the deregulation limit (€664.66 on 1 January 2012 and € 681.02 on 1 January 2013). These properties are in the mid and higher rental sectors.

Development portfolio

All properties in which Vesteda has decided to invest, or is or will be preparing an investment decision, but which are not fully available for letting or handed over.

Direct yield (IPD)

Yield from letting (net rental) of a property divided by the average capital outstanding during a year.

Discounted-cash-flow method (DCF)

A model for calculating value using cash flows. The value of an asset is the sum of the present value of future cash flows.

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 at Vesteda, the control function and the financial administration.

Gross initial yield

Theoretical gross rental (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.

Investor (or Participant)

Holder of a direct interest in Vesteda Residential Fund.

Letting portfolio

All fully-completed and let property complexes owned by Vesteda entities.

Leverage

Loan capital/total assets.

Loan capital

Loan capital drawn by Vesteda to fund its activities.

Management expenses of Vesteda

Expenses which are incurred by the Vesteda Investment Management bv and Vesteda Project Development bv management organisation for VRF and not allocated to the letting or project results.

Mid-range rental sector

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

More expensive/higher-rental sector

Sector of the residential property market for rental properties with a net monthly rent from the deregulated level (in 2012: €664.66), excluding service charges.

Net initial yield

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

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.

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.

Total portfolio

The development portfolio and the letting 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 bv

See the section on the Legal structure on page 66.

Vesteda Project Development bv

See the section on the legal structure on page 66.

Vesteda Finance bv

See the section on the legal structure on page 66.

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Hugo Thomassen
Irene Noordhof

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Publisher

Vesteda Investment Management bv
Claude Debussylaan 15
1082 MC Amsterdam
telephone: +31(0)88 456 1666
fax: +31 (0)88 456 1667

Postal address:

P.O. Box 75675
1070 AR Amsterdam

info@vesteda.com
www.vesteda.com

