

Vesteda Half-year Report 2024



At home with Vesteda

Our mission is to make sure that all our stakeholders feel at home with us, especially our tenants, our investors in the fund and our employees.

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Disclaimer

The figures in this report have not been audited. No rights can be derived from this publication.

Message from the Management Board

Investor sentiment in the housing market improved in the first half of 2024. The Senate approved the Affordable Rent Act, which came into effect on 1 July 2024, providing clarity to investors. Furthermore, interest rates stabilised and the disposable income of Dutch households increased. At the same time, affordability is still under pressure due to increasing demand on the housing market and low supply, resulting in increased prices of owner-occupied homes and higher market rents.

The Deputy Advocate General advised to the Supreme Court regarding the preliminary questions from the District Court in Amsterdam about rent increase clauses in the liberalised rental segment. He concludes that rent increase clauses must be divided into indexation and surcharge clauses. According to him the indexation clause is not subject of discussion, and he deems that there are reasonable grounds for landlords to apply a surcharge clause. In addition, he deems a surcharge clause of up to 3% generally not an unfair term, aligning with annual rent increases set by the Minister of Housing in the regulated (social) rental segment. He did not explicitly state that a surcharge clause higher than 3% would necessarily be invalid. In fact, he stated that, there can be some understanding for the landlord's wish to build in some margin in relation to the surcharge. As such, he considers it conceivable that clauses with maximum surcharge percentages higher than 3% are also not considered unfair in the light of the circumstances at hand. The Supreme Court's decision, which will guide further court rulings, is still pending.

Vesteda's operational performance was strong, driven by a high demand for our rental homes. The occupancy rate was 96.3%, temporary lower due to the inflow of several new assets. In total 785 new-build homes were added to the investment portfolio and we sold 181 units. Due to our sustainability investments we increased the share of green energy labels to 97%. Astrid Schlüter was appointed as CEO on 3 April 2024, replacing Gertjan van der Baan who decided to leave Vesteda after 10 years.

Realised result was €108 million, supported by higher gross rental income and higher result on property sales, which was partly offset by higher property operating expenses and higher interest expenses. Portfolio revaluations were +4%, driven by rising vacant possession values and higher market rents. As a result, the total return on time-weighted average equity was 6.9%. Although we faced a slightly higher leverage and higher interest costs, we comfortably met all our covenants and S&P reconfirmed our credit rating of A-. The average maturity of our debt is 5.4 years, supported by the issued eight-year Green Bond in May.. Finally, we again achieved some positive results on redemptions, closing a secondary transaction with a new investor and the payout of the entire Redemption Available Cash.

The outlook for the investment market is cautiously optimistic, however still unpredictable, due to geopolitical tensions and macroeconomic uncertainties. We expect to continue to deliver a solid operational performance, supported by high demand for our rental homes and solid rental growth. We will remain highly selective with acquisitions, continue to sell non-strategic assets and continue our sustainability investments to outperform Paris Proof by 2050 or earlier. Finally, we will continue our search for new investors to provide liquidity for redeeming participants.

Amsterdam, 1 August 2024

Astrid Schlüter (CEO) and Frits Vervoort (CFO)

Vesteda at a glance

About Vesteda

Leading institutional residential investor

Vesteda is a residential investor and landlord that focuses on sustainable homes for middle-income households. Vesteda invests funds for institutional investors, such as pension funds and insurance companies. Our portfolio consists of 28,280 residential units with a total value of €9.2 billion. The homes are mainly located in economically strong regions and core urban areas in the Netherlands. Vesteda is internally managed, is cost-efficient and has its own in-house property management.

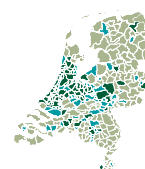
Key characteristics



**Dutch residential
rental market**



**Middle-income
households**



Primary regions

Fund

- Established in 1998 as a spin-off of the residential portfolio of Dutch pension fund ABP;
- Single fund manager;
- Internally managed: no management fee structures and no carried interest arrangements;
- Open-ended core residential real estate fund;
- Broad institutional investor base with a long-term horizon;
- Attractive risk profile;
- Limited use of leverage (target <30%); S&P credit rating A-;
- Active investor relations policy;
- In-house property management;
- Governance in accordance with best practice guidelines, including INREV, with the emphasis on transparency and alignment of interests;
- AIFMD (Alternative Investment Fund Managers Directive) licence obtained in 2014;
- Transparent for tax purposes: fund for the joint account of participants (Dutch FGR fund structure);
- GRESB five-star rating.

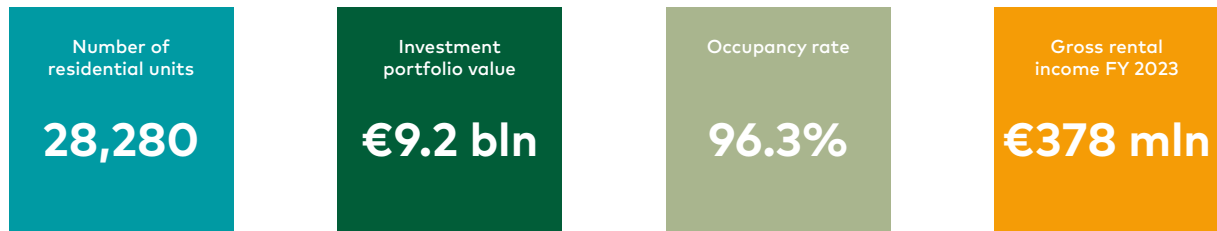
Assets

- Diversified portfolio consisting of nearly 500 residential complexes in economically strong regions;
- All in the Netherlands, all in residential and related properties;
- Focus on homes for middle-income households;
- Offer sustainable housing and operate in a socially responsible manner.

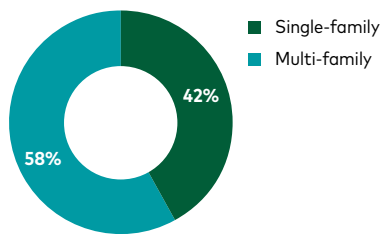
Targets

- Tenant satisfaction: Outperform the Customeyes benchmark;
- ESG performance: 99% green energy labels by year-end 2024 and outperform Paris Proof by 2050 or earlier;
- Financial performance: Outperform the three-year MSCI IPD Netherlands Residential Benchmark.

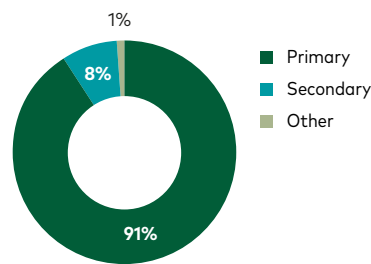
Portfolio overview (as per 30 June 2024, unless otherwise stated)



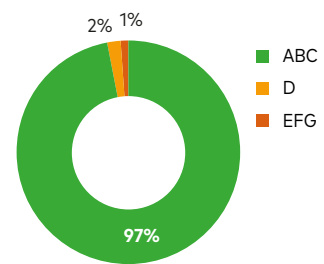
Portfolio by type of residential unit (weight in value)



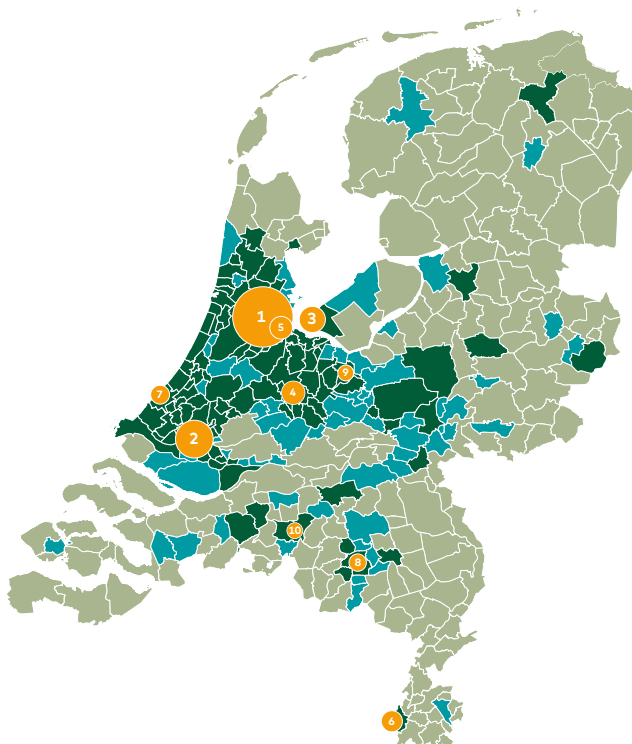
Portfolio by region (weight in value)



Portfolio by energy label (weight in units)



Portfolio distribution (as per 30 June 2024)



	€ million	% of total portfolio
1. Amsterdam	1,875	21%
2. Rotterdam	777	9%
3. Almere	400	4%
4. Utrecht	308	3%
5. Diemen	302	3%
6. Maastricht	276	3%
7. The Hague	252	3%
8. Eindhoven	234	3%
9. Amersfoort	218	2%
10. Tilburg	196	2%

Vesteda focus regions

- Primary
- Secondary
- Other
- Top 10 region by portfolio value

1 Primary regions are areas that offer the highest market potential for the non-regulated (liberalised) rental sector. These areas are marked by high market potential and low market risks. Secondary regions lower on a number of fronts but do have a positive economic and demographic outlook.

Notes to the results

Income statement

(€ million)	H1 2024	H1 2023	FY 2023
Theoretical rent	199	189	385
Loss of rent	(4)	(3)	(7)
Gross rental income	195	186	378
Property operating expenses	(51)	(45)	(96)
Other income	1	-	2
Net rental income	145	141	284
Result on property sales	13	4	10
Management expenses	(16)	(16)	(30)
Financial results (incl. amortisation of financing costs and IFRS 16)	(34)	(25)	(56)
Realised result before tax	108	104	208
Unrealised result	330	(702)	(863)
Result before tax	438	(598)	(655)
Tax	-	-	(1)
Result after tax	438	(598)	(656)
Other comprehensive income	2	-	(1)
Total comprehensive result	440	(598)	(657)

Gross rental income

The theoretical gross rent amounted to €199 million in H1 2024, an increase of €10 million compared with H1 2023. This increase was primarily driven by the inflow of new-build homes in the investment portfolio, indexation and an increase in contract rents for new tenants as a result of the rise in market rents.

The loss of rent was 1.9% in H1 2024, which was slightly higher than the 1.8% in the same period of last year, due to the inflow of several complexes. Gross rental income amounted to €195 million in H1 2024, compared with €186 million in H1 2023.

Net rental income

Property operating expenses were €51 million in H1 2024, an increase of €6 million compared with H1 2023, mainly due to higher planned maintenance expenses and higher property related taxes. As a result, the operating costs as a percentage of gross rental income, the so-called gross/net ratio increased to 25.8% in H1 2024, from 24.3% in H1 2023. Net rental income amounted to €145 million in H1 2024, an increase of €4 million compared with H1 2023.

Result on property sales

In total 181 homes were sold from the investment portfolio in H1 2024, compared with 56 homes sold in H1 2023. The result on property sales was in total €13 million in H1 2024, compared with €4 million in H1 2023.

Management expenses

Management expenses amounted to €16 million in H1 2024, in line with H1 2023.

Financial results

Interest expenses were €34 million in H1 2024, an increase of €9 million compared with H1 2023, mainly due to a higher amount of debt capital due to the financing of the committed pipeline and increased floating interest rates. The average interest rate stood at 2.5% at the end of H1 2024, compared with 1.9% at the end of H1 2023.

Financial results and EBITDA

(€ million, unless otherwise stated)	12 months prior to 30 June 2024	12 months prior to 31 December 2023	12 months prior to 30 June 2023
Financial results (incl. amortisation of financing costs and IFRS 16)	65	56	45
Interest expenses	58	48	38
EBITDA including result on property sales	282	265	257
EBITDA excluding result on property sales	262	255	251
Interest coverage ratio (ICR)	4.5	5.3	6.7

Realised result

Vesteda recorded a realised result of €108 million in H1 2024, an increase of €4 million compared with H1 2023.

Unrealised result

Housing prices in the Netherlands started to increase again in H1 2024, following a strong decline last year. The value of Vesteda's portfolio increased by 4.0% in H1 2024, compared with a decrease of 7.3% in H1 2023. Vesteda recorded a positive unrealised result of €330 million in H1 2024, compared with a negative result of €702 million in H1 2023.

Total comprehensive result

Vesteda recorded a total comprehensive result of €440 million in H1 2024, compared with a negative result of €598 million in H1 2023, driven by positive revaluations. As a result, the total return on time weighted average equity was 6.9% in H1 2024, compared with -8.7% in H1 2023.

Balance sheet

As a result of positive revaluations, Vesteda's balance sheet total increased to €9,504 million at the end of H1 2024, from €9,086 million at year-end 2023. The leverage ratio excluding IFRS 16 was 28.0% at the end of H1 2024 (year-end 2023: 27.7%).

Statement of financial position

(€ million)	30 June 2024	30 June 2023	31 December 2023
Total assets	9,504	9,118	9,086
Equity	6,661	6,528	6,392
Net debt	2,626	2,365	2,479
Leverage ratio (% , excluding IFRS 16)	28.0	26.3	27.7
Loan-to-value (%)	28.1	26.4	27.8

Return on equity

(% of time weighted average equity)	H1 2024	H1 2023	FY 2023
Realised return	1.7	1.5	3.1
- from letting	1.5	1.5	3.0
- from property sales	0.2	0.1	0.1
Unrealised return	5.1	(10.2)	(12.9)
Total return	6.8	(8.7)	(9.8)
Return from other comprehensive income	0.1	-	-
Total comprehensive return	6.9	(8.7)	(9.8)

Investment portfolio

The total number of residential units stood at 28,280 at 30 June 2024, an increase of 605 units compared with the beginning of 2024. In H1 2024, we added 785 new-build homes and one reclassified unit, while we sold 181 units.

Investment portfolio development

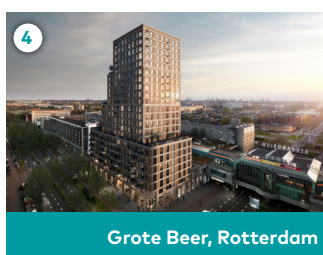
(Number of residential units)	H1 2024
Beginning of the year	27,675
Inflow from pipeline	785
Outflow	(181)
Reclassification	1
Ultimo H1 2024	28,280

Changes in market value of investment portfolio

(€ million)	H1 2024
Beginning of the year	8,674
Inflow from pipeline	270
Capex	35
Outflow	(41)
Revaluation	310
Ultimo H1 2024	9,248

New-build additions to the investment portfolio in H1 2024

Residential building	Location	Number of units	Type	Region
The Ox	Amsterdam	168	Multi-family	Primary
Binck Poort	The Hague	205	Multi-family	Primary
Imagine	Rotterdam	133	Multi-family	Primary
Grote Beer	Rotterdam	193	Multi-family	Primary
De Kuil (phase 1)	Rotterdam	40	Multi-family	Primary
New Brooklyn (phase 1)	Almere	46	Single & Multi-family	Primary
Total inflow		785		



Acquisition pipeline

In H1 2024, Vesteda expanded the Zuiderhof project with 18 singly-family homes. At the end of H1 2024, the acquisition pipeline comprised a total of 946 homes. All projects fit in perfectly with Vesteda's portfolio in terms of region, affordability and sustainability criteria.

Composition of the pipeline at 30 June 2024

Residential building	Location	Number of units	Type	Region	Expected completion
Typisch Tuinstad	Amsterdam	120	Multi-family	Primary	2024
New Brooklyn (phase 2)	Almere	121	Single & Multi-family	Primary	2024
Podium	Amersfoort	68	Multi-family	Primary	2024
De Kuil (phase 2)	Rotterdam	80	Multi-family	Primary	2025
De Weverij	Enschede	116	Multi-family	Primary	2025
LOOS	The Hague	78	Multi-family	Primary	2025
Singelblok	Amsterdam	185	Multi-family	Primary	2025
Zuiderhof	Rotterdam	178	Single & Multi-family	Primary	2026
Total committed pipeline		946			



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For more information

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