

Triodos Vastgoedfond

Quarterly Report Q4 2017

Profile

Triodos Vastgoedfond is an active impact investor making real estate more sustainable. It aims to lead the Dutch office market forward by enhancing environmental performance and to contribute positively to social aspects of real estate, while generating a balanced return for its shareholders. Triodos Vastgoedfond has a consistent track record in delivering a solid dividend and/or pay-out.

Key figures as of 31-12-2017

Net assets

EUR 54.9 million

Total assets

EUR 76.0 million

Number of shares outstanding

16,515,754

Trading price

EUR 2.80

NAV per share

EUR 3.32

Dividend per 19-05-2017

EUR 0.20

Dividend yield 2017

7.1%

Ongoing charges (as per 31-12-2017)

4.41% (incl. 1.00% management fee)

Fund facts

Fund manager Guus Berkhout

Inception date 08-04-2004

Management company

Triodos Investment Management BV

Currency EUR

Domicile The Netherlands

Fund structure

Investment company with variable capital

Legal form

Closed-end, limited liability company

ISIN code NL0000079333

Bloomberg code TRIOVGF:NA

Custodian

BNP Paribas Securities Services S.C.A.

Auditor

PwC Accountants NV

Headlines

- Acquisition of office building 'De Rode Haan' in Delft
- Intention to pay out of EUR 0.20 per share over 2017, similar to 2016
- Slightly lower direct result of EUR 3.0 million (2016: EUR 3.2 million)
- Uptrend in valuations of portfolio assets
- 28% higher net result over 2017 compared to 2016

Comments of the fund manager

During the fourth quarter of 2017, the net result of Triodos Vastgoedfond increased by EUR 2.3 million. This has led to a net result over 2017 of EUR 3.9 million, which reflects an increase of 28% compared to 2016. The increase of the total result over 2017 is partly driven by a higher (unrealised) revaluation result in the fourth quarter of 2017. The indirect result increased in 2017 to EUR 0.9 million (2016: EUR -0.1 million) and the direct result over 2017 decreased to EUR 3.0 million (2016: EUR 3.2 million). The direct result per share was EUR 0.24 (2016: 0.37) and the indirect result was EUR 0.07 (EUR -0.01), which brought the net result per share to EUR 0.31 (2016: EUR 0.36). The results per share in 2017 are calculated based on the average number of outstanding shares per 31 December 2017. The average number of outstanding shares was higher compared to 2016 as a result of the emission that took place in 2017. The fund has the intention to pay out EUR 0.20 per share after the AGM to be held on 25 May 2018.

In December 2017, Triodos Vastgoedfond acquired the 6,769 sqm office property 'De Rode Haan' in Delft for EUR 11.5 million, reflecting a gross initial yield of 8%. The acquisition fits the fund's strategy, which focuses on sustainable real estate in centrally located urban locations that are easily accessible by public transport. The building has an IFD construction (Industrial Flexible and Dismountable), ensuring that it is sustainably built and that dismantlable materials have been used to ensure maximum flexibility of the property throughout its entire life span. Triodos Vastgoedfond will improve the sustainability performance of the building even further by implementing led lighting and installing solar panels. The office building is fully let and generates an annual gross rental income of EUR 0.9 million as from January 2018.



Guus Berkhout
Fund Manager

"Our biggest priority is to grow our portfolio with suitable assets."

Outlook

Triodos Vastgoedfondos' highest priority remains raising the rental income, amongst others by acquiring new properties. The fund continues to work diligently on exploring investment opportunities. It approaches the market in a structured and disciplined way in the current strong investment market, in which prices tend to rise for high quality assets.

The transaction of the acquired property 'De Rode Haan' has been fully effectuated in January 2018. This will improve the occupancy rate as of January onwards to almost 90%.

In 2018, the fund will benefit from lowered cost of debt from 4.7% to 3.1% due to successful refinancing activities in 2017. For acquisitions in 2018, the fund is discussing additional financing with several banks.

Review Q4 2017

Result

EUR x 1,000	2017	2016
Gross rental income	6,281	6,445
Other income from investments	174	12
Net service charges	-201	-68
Property expenses	-605	-636
Net rental income	5,650	5,753
Management costs	-1,056	-873
EBIT	4,594	5,061
Funding charges	-1,569	-1,726
Direct result	3,025	3,155
Indirect result	878	-114
Net result	3,903	3,041

Per share*	2017	2016
Direct result	0.24	0.37
Indirect result	0.07	-0.01
Net result	0.31	0.36

Balance sheet

EUR x 1,000	31-12-2017	31-12-2016
Real estate assets	63,865	66,150
Net debt	18,651	33,539
Equity	54,889	30,341

Portfolio

EUR x 1,000	31-12-2017	31-12-2016
Number of properties	15	16
Value of investments (EUR x1000)	63,865	66,150
Annual contracted rent (EUR x1000)	4,720	5,918
Lettable area (sqm)	38,487	44,115
WAULT (in years)	5.1	4.1
Average rent/sqm (EUR/p.a.) **	122	134

* The results per share are calculated based on the average number of outstanding shares as per the end of the reporting period.

** As average rent is calculated including the vacancy in the portfolio, average rent decreased as vacancy rose. When calculated excluding the vacancy, average rent per square meter was EUR 146/sqm (2016: EUR 149/sqm).

Financial results

Rental income

A decrease in gross rental income as a result of the sale of the properties in Nijmegen and Nieuwegein (annualised rent EUR 800 thousand, actual rent in 2017 EUR 292 thousand) was compensated by the termination fee of EUR 914 thousand paid for early termination of the rental agreement for the property in Utrecht. As a result, the gross rental income remained stable at EUR 6.3 million in 2017. Due to higher net service charges as a result of increased vacancy, the net rental income decreased slightly from EUR 5.8 million in 2016 to EUR 5.7 million.

Management costs

The management costs increased to EUR 1.1 million (2016: EUR 873 thousand), partly resulting from the costs involved in the fund's share issue in 2017. The total costs for the share issue amounted to EUR 538 thousand, of which EUR 135 thousand were one-off costs and EUR 402 thousand was charged to equity.

Interest costs

Interest costs decreased from EUR 1.7 million to EUR 1.6 million. In 2017, the fund renewed and refinanced almost its entire loan portfolio to benefit from the current low interest environment and to optimise its financing structure. In July 2017, all the loans from Rabobank, totaling EUR 12.6 million were repaid by deploying the proceeds from the share issue, to reduce the interest rate and allowing to fund future acquisitions from a new loan facility at lower interest rates. In September 2017, existing loans with Triodos Bank and Triodos Groenfond's were renewed, and another EUR 3.8 million loan with Triodos Bank was renewed in December 2017. The complete refinancing involved EUR 330 thousand penalty fees in total which are included in the funding charges. The average rate of interest payable on these loans has been reduced from 4.7% to 3.1%. The average term of the debt portfolio has increased from 3.4 years to 7.0 years.

Revaluation

The total value of the investment portfolio amounted to EUR 63.9 million at 31 December 2017, an increase of EUR 750 thousand (1.2%) compared to the value of the portfolio at the end of the third quarter and EUR 1.2 million (1.8%) higher when compared to the value as per 31 December 2016. Primarily capital values of properties in the big cities went up, particularly in Amsterdam, while values in other areas remained stable.

Portfolio developments

Leases and occupancy rate

The occupancy rate of the portfolio was 87.3% at year-end 2017 (2016 year-end: 92.4%), primarily due to the sale of a fully let building in June 2017 and the early cancellation of a contract in the property at Blaeulaan in Utrecht in November 2017. The fund succeeded in reletting the building for 50% within 6 weeks, taking effect as per 15 December 2017. The fund expects to be able to rent out the remaining part of the building in 2018. The acquired building in Delft is also fully rented out. The transaction has been effectuated in January 2018, which will bring the occupancy rate of the portfolio to almost 90%.

A tenant of the property in Baarn renewed its lease at market conditions.

The average unexpired term of the leases in the portfolio increased to 5.1 years (2016: 4.1 years).

Impact

In 2017, the fund installed smart metering in all buildings in the portfolio to automatically load data in the energy management system. Consumption reports are being discussed with asset and property management and the tenants so that appropriate action can be initiated. The fund is also upgrading a building in Utrecht with energy label D to energy label A, among others by installing solar panels. Furthermore, the fund will improve the energy efficiency of its latest acquisition in Delft by installing solar panels on the building.

Portfolio per 31-12-2017

Sustainably built and managed

City	Address	Energy label
Amersfoort	Utrechtseweg	A
Boxtel	Bosscheweg	B
Emmeloord	Platinaweg	A+
Groningen	Rostockweg	A+
Groningen	Stationsweg	A+
Utrecht	Blaeuilaan I en II	A+ and D
Velp	Kastanjehof 2	A++



Amersfoort, Utrechtseweg

Monuments, sustainably managed

City	Address	Energy label
Amsterdam	Herengracht	G
Arnhem	Willemsplein	G
Baarn	Kennedylaan	C and F
Den Haag	Prins Hendrikstraat	A
Rotterdam	Honingerdijk	G



Den Haag, Prins Hendrikstraat

Existing property, sustainably managed

City	Address	Energy label
Apeldoorn	Laan van Westenenk	A
Wageningen	Nieuwe Kanaal I	A
Wageningen	Nieuwe Kanaal II	A



Apeldoorn, Laan van Westenenk

Sustainably built and managed: De Rode Haan, Delft

The office building 'De Rode Haan' in Delft is an example of IFD (Industrial Flexible and Dismountable) building. The use of industrial building methods for offices, schools and factories has gained broad popularity in the past years. One of the applied innovations is the reduction of the gross floor height to save building material. To achieve this reduction a relatively light hybrid floor construction was used. The air filtering system, including all the necessary installation routes, are included in the hollow spaces of the floor. The prefabricated construction has resulted in an industrially manufactured and extremely flexible concept.



Triodos Investment Management

Triodos Investment Management connects a broad range of investors who want to make their money work for lasting, positive change with innovative entrepreneurs and sustainable businesses doing just that. In doing so, we serve as a catalyst in sectors that are key in the transition to a world that is fairer, more sustainable and humane.

With our highly professional investment teams, we have built up in-depth knowledge throughout our 25 years of impact investing in sectors such as Energy & Climate, Inclusive Finance, Sustainable Food & Agriculture, Arts & Culture, and Sustainable Real Estate. We also invest in listed companies with an above average environmental, social and governance (ESG) performance. Assets under management as per end of June 2017: EUR 3.3 billion.

Triodos Investment Management is a globally active impact investor and a wholly-owned subsidiary of Triodos Bank NV.

Contact

To find out more about our six investment strategies please contact our Investor Relations staff in Europe.

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