

Triodos Vastgoedfond

Quarterly Report Q2 2018

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.

Key figures as of 30-06-2018

Net assets

EUR 53.9 million

Total assets

EUR 79.4 million

Number of shares outstanding

16,515,754

Trading price

EUR 2.59

NAV per share

EUR 3.26

Dividend over 2017

EUR 0.20

Dividend yield 2017

7.1%

Ongoing charges (as per 30-06-2018)

3.49% (incl. 1.0% 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

- Gross rental income in line with expectations
- Direct result increased by 13% to EUR 1.5 million
- Uptrend in valuations of portfolio assets continued
- Acquisition of office building in The Hague completed
- Occupancy rate of the portfolio increased to 89.3%
- Asset management in-house as of 1 July 2018
- Shares of the fund to trade continuously on Euronext Amsterdam as of 1 august 2018
- Follow up on AGM

Comments of the fund manager

During the second quarter of 2018, the net result of Triodos Vastgoedfond increased by EUR 1.6 million (first quarter 2018: EUR 0.7 million). This has led to a net result over the first half of 2018 of EUR 2.3 million (H1 2017: EUR 1.0 million). The direct result increased to EUR 1.5 million (H1 2017: EUR 1.3 million), primarily due to lower financing costs. The indirect result increased with EUR 1.2 million to EUR 0.8 million (H1 2017: EUR -0.4 million).

The direct result per share over the first half of 2018 was EUR 0.09 (H1 2017: EUR 0.15 per share*). The direct result is lower following the increase of the number of shares outstanding (16,515,754 as per 30 June 2018; 13,756,754 as per 30 June 2017). The indirect result per share over the first half of 2018 was EUR 0.05 (H1 2017: - EUR 0.04 per share*).

As per 30 June 2018, the investment portfolio represents a value of EUR 77.1 million. On 2 July 2018, the new acquisition of the office building in The Hague was added to the portfolio. This further increased the value of the portfolio with EUR 7.0 million after balance sheet date.

* The direct and indirect result per share over the first half of 2017 has been calculated based on the weighted average of outstanding shares (8,845,420).



Guus Berkhout
Fund Manager

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

Follow up AGM

In the second quarter of 2018, Triodos Vastgoedfond reflected on its strategy and governance structure, also in light of the feedback shareholders expressed in the AGM held on 25 May 2018, and subsequent dialogues with shareholders. This has led to the following conclusions.

Governance

Moving forward the Supervisory Board of Triodos Vastgoedfond will consist of 3 board members. Currently two board members are in place and the search for the third Supervisory Board member has commenced. Following received feedback, investors are invited to propose suitable candidates. The profile of the Supervisory Board, including the specific profile of the current vacant position, is [available on the website](#) (in Dutch). Triodos Vastgoedfond intends to convene an EGM in the 4th quarter of 2018 in order to appoint the 3rd Supervisory Board member.

Strategy

Following the feedback from and dialogues with investors, Triodos Vastgoedfond confirms its valid strategy which is being vigorously yet prudently executed, bearing in mind the fund's fiduciary role towards all its investors. The fund will continue to invest, as it has been doing since the capital raise.

Since then the fund has made two investments and it is currently working on additional investments. Naturally, the fund takes market circumstances into account while it prudently pursues its strategy.

The fund will look into options to further optimise the portfolio and as such will divest a number of smaller properties located in the peripheral areas that no longer fit the strategy.

On previous occasions other strategic changes, which are recognised as important drivers for investors in the fund, have already been shared. These changes are insourcing the asset management and continuous trading of the fund:

- the asset management has been insourced in order to be more visible for the fund's tenants and to jointly make an effort to further shape the sustainability targets. It also enables the fund to manage the portfolio even more proactively, both in terms of responding to investment and divestment opportunities, as operationally optimising the current portfolio;
- as per 1 August 2018, the fund will be traded continuously on Euronext Amsterdam in order to improve the liquidity and visibility of the share. NIBC has been named designated liquidity provider and will facilitate trading in the share.

Outlook

The outlook for the real estate market remains favorable. Falling unemployment figures, particularly in sectors related to office real estate, contribute to the expected further decline of the vacancy rate.

Raising the rental income by investing in new properties remains the highest priority. In addition, the team also puts extra effort in attracting new tenants for vacant space in the current portfolio.

Mid-September, the Dutch government will disclose new tax legislation as part of the Government tax budget for 2019. Related to the overall planned abolishment of dividend tax, the government expressed its intention to abolish the fiscal benefit for FBIs (Fiscal Investment Institution) when investing directly in Dutch real estate. However, a logical next step would be for the Dutch government to adapt current legislation for FBIs to accommodate a vehicle which is similar to the foreign REIT (Real Estate Investment Trust). If, however, legislation will not give alternatives for the FBI, the fund's existing tax loss of EUR 6.5 million might initially mitigate the impact of the new legislation. The fund is following developments closely and is discussing the matter with relevant bodies such as DUFAS.

Triodos Vastgoedfond aims to maintain the stable distribution policy that it has pursued in recent years.

Review Q2 2018

Result

EUR x 1,000	HY 2018	HY 2017
Gross rental income	2,781	2,915
Other income from investments	1	173
Net service charges	-146	-112
Property expenses	-402	-454
Net rental income	2,234	2,522
Management costs	-453	-420
EBIT	1,781	2,102
Funding charges	-307	-792
Direct result	1,474	1,310
Indirect result	812	-358
Net result	2,286	952

Per share	HY 2018	HY 2017*
Direct result	0.09	0.15
Indirect result	0.05	-0.04
Net result	0.14	0.11

Balance sheet

EUR x 1,000	30-06-2018	30-06-2017
Real estate assets	77,070	62,625
Net debt	21,440	22,066
Equity	53,872	44,614

Portfolio

EUR x 1,000	YTD 2018	YTD 2017
Number of properties	16	15
Value of investments (EUR x1000)	77,070	62,625
Annual contracted rent (EUR x1000)	6,378	5,253
Lettable area (sqm)	45,344	38,487
WAULT (in years)	5.4	4.4
Average rent/sqm (EUR/p.a.)	146	153

* Based on weighted average of outstanding shares.

Financial results

Rental income

Rental income decreased with EUR 134 thousand compared to the first half of 2017 (H1 2017: EUR 2.9 million, H1 2018: EUR 2.8 million). On the one hand the fund missed rental income from the Nieuwegein property because it was sold (EUR 295 thousand) and from the Utrecht property due to an early cancellation of the rental agreement (EUR 324 thousand). On the other hand the fund received additional rental income from the new tenant of part of the Utrecht property (EUR 92 thousand) and the rental income from the acquired property in Delft (EUR 418 thousand). Average rent/sqm decreased slightly mainly as a consequence of the addition of the Delft building to the portfolio.

Management costs

The management costs increased slightly with EUR 33 thousand due to an increase of the average assets under management. (H1 2017: EUR 62.6 million, H1 2018: EUR 77.1 million).

Interest costs

Interest costs decreased from EUR 793 thousand to EUR 311 thousand. Following refinancing efforts in 2017, the average interest rate decreased from 4.7% as per 30 June 2017 to 3.1% as per 30 June 2018. The net debt decreased from EUR 22.1 million as per 30 June 2017 to EUR 21.4 million as per 30 June 2018. For the acquisition of the Red Cross building in The Hague on 2 July 2018, the current account with Triodos bank was temporarily increased. The outstandings on the current account will be repaid by a new long-term financing with a new bank loan as the fund intends to deploy more bank loans to realise expansion of the investment portfolio.

Revaluation

The total value of the investment portfolio increased to EUR 77.1 million compared to EUR 62.6 million on 31 December 2017 due to a positive revaluation result and acquisition(s). The value of the portfolio increased with EUR 1.7 million. In January 2018, the fund completed the acquisition of the property in Delft (EUR 11.5 million). Therefore, the revaluation was partly offset by the acquisition costs for the property in Delft (EUR 863 thousand which largely consisted of the 6% transfer tax). Taking into account these acquisition costs, indirect result was EUR 812 thousand.

Portfolio developments

Leases and occupancy rate

The occupancy rate of the portfolio increased to 89.3% compared to 89.1% at the end of Q1 2018. The increase is mainly due to the acquisition of the Delft building which is fully rented out. In the building in Arnhem, two new tenants started a 5-year lease term. The acquisition of the fully let Red Cross building in the Hague will also have a positive effect on the occupancy rate. This property is included in the portfolio as per 2 July 2018 and as such not represented yet in the portfolio developments as per 30 June 2018.

The average unexpired term of the leases in the portfolio increased to 5.4 years (H1 2017: 4.4 years), mainly due to the acquisition of the new property in Delft.

Latest purchase: Red Cross building, The Hague



Triodos Vastgoedfonds N.V. announced in May the acquisition of the office building located at the Anna van Saksenlaan 50 in The Hague, which was completed on 2 July 2018. The property measures 2,850 m² and is home to the Red Cross Netherlands headquarters. The office building is located within walking distance of the intercity station Laan van NOI in The Hague and has recently been fully refurbished. This has led to an improvement of the energy label to an A+ label and the introduction of innovative work space concepts taking into account co-worker's wellbeing. The building is fully let for the next ten years to the Red Cross Netherlands. The transaction fits perfectly in the strategic portfolio targets to increase the average size of the investments, at attractive and easily accessible locations and with a strong sustainability profile. In this building in The Hague we welcome the Red Cross as a solid new tenant of Triodos Vastgoedfonds. The underlying 10-year rental contract contributes to a stable rental income.

EPRA Performance measures

	Q1 + Q2 2018	Q1 + Q2 2017
EPRA Earnings per share	0.09	0.10
EPRA NAV	EUR 3.26	EUR 3.24
EPRA NNAV	EUR 3.26	EUR 3.24
EPRA Net Initial Yields (NIL)	6.2%	6.7%
EPRA 'topped-up' NIY	6.3%	6.8%
EPRA Vacancy rate	10.7%	8.6%

Triodos Vastgoedfondsen has started to report figures and indicators based on the guidelines and Best Practices Recommendations (BPR) published by the European Public Listed Real Estate Association (EPRA). EPRA is the association of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. Triodos Vastgoedfondsen endorses the intended standardisation in reporting to promote comparability and improving the quality of information provided to investors and other users of the report.

EPRA's Best Practices Recommendations guide is available on EPRA's website www.epra.com.

Portfolio per 30-06-2018*

Property	Monument	Current label	Label at moment of purchase
Utrechtseweg 12, Amersfoort		B	E
Laan van Westenenk, Apeldoorn		A	
De Tempel, Den Haag	yes	A	G
Platinaweg 4, Emmeloord		A+	A
Nieuwe Kanaal ABC, Wageningen		A	
Nieuwe Kanaal EF, Wageningen		A	
Stationsweg 1, Groningen		A+	G
Rostockweg 3, Groningen		A+	
Blaeuilaan 60A, Utrecht		A+/D	
De Kastanjehof, Velp		A++	
D'n Daalder, Boxtel		B	C
De Rode Haan, Delft		B	
Villa Rusthoek, Baarn	yes	C	G
De Nederlanden van 1845, Arnhem	yes	G/C	G
Herengracht 433, Amsterdam	yes	G	
Villa Trompenburg, Rotterdam	yes	G	

* The building in The Hague, which was acquired in the second quarter of 2018, has been added to the portfolio as per 2 July 2018 and is therefore not included in this overview.

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, 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 2017: EUR 3.5 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.

E: institutionalinvestors@triodos.com

T: +31 (0)30 694 2400

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Triodos Vastgoedfonds NV is a closed-end public limited liability company incorporated and organised under the laws of the Netherlands. The fund invests in physical commodities, namely real estate office buildings in the Netherlands. Triodos Vastgoedfonds is managed by Triodos Investment Management BV. Triodos Vastgoedfonds is registered with AFM (Netherlands Authority for the Financial Markets). BNP Paribas Securities Services S.C.A. acts as the depositary for Triodos Vastgoedfonds. The prospectus and the annual and semi-annual reports may be obtained free of charge via Triodos Investment Management in Zeist +31 (0)30 694 24 00 or www.triodos.com.