

# Triodos Vastgoedfond

## Quarterly Report Q3 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 30-09-2018

**Net assets**

EUR 53.5 million

**Total assets**

EUR 102.4 million

**Number of shares outstanding**

16,515,754

**Trading price**

EUR 2.45

**NAV per share**

EUR 3.24

**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
- Occupancy rate up to 91.9% from 89.3% as per 30 June 2018
- Direct result increased to 2.2 million from EUR 1.5 million in same period last year
- Uptrend in valuations of portfolio assets continued
- Indirect result impacted by acquisition costs of new properties
- Divestment of property in Emmeloord
- New credit facility of ING Bank; average interest rate decreased to 2.6% as per 30 September 2018
- Triodos Vastgoedfond again rewarded with GRESB "Green Star"

### Comments of the fund manager

In the first nine months of 2018 the fund took important steps to improve the overall quality of the fund. The fund invested in new office buildings in Amsterdam and The Hague, completed the acquisition in Delft, and sold one of the smaller properties in Emmeloord. On 31 October 2018, the fund announced the acquisition of an office building in Eindhoven. This has resulted in a portfolio that is more exposed to the Randstad while the average size of the properties increased. This is in line with the fund's portfolio strategy.

Since the capital increase was completed in the third quarter of 2017, the fund invested EUR 33.3 million in three new buildings (excluding the recent acquisition in Eindhoven). The weighted average gross yield of these investments was 7.1%. Annual contracted rent went up to EUR 7.0 million per year as per 30 September 2018, compared with EUR 5.2 million as per 30 September 2017.

At the same time, following various (re)financing efforts, the average interest rate decreased from 3.9% as per 30 September 2017 to 2.6% as per 30 September 2018.

Another important step is that the fund is now being traded continuously on Euronext, which took effect as per 1st of August, aimed at improving the liquidity and the visibility of the share.

During the first three quarters of 2018, Triodos Vastgoedfond achieved a direct result of EUR 2.2 million (Q3 2017: EUR 1.5 million). The revaluation result amounted to EUR 2.6 million. The value increase of the portfolio was offset by the EUR 2.7 million acquisition costs related to investments in three new buildings.



Guus Berkhout  
Fund Manager

"In the third quarter the fund took important steps to realize its strategy."

Due to a change in accounting policy, real estate advisory fees of EUR 0.2 million related to rental contracts could no longer be amortized and now are included in the revaluations. This led to an indirect result of EUR 0.3 million negative, compared with EUR 0.1 million positive in the first three quarters of 2017. The direct result per share over the first three quarters of 2018 was EUR 0.14 (first three quarters of 2017: EUR 0.13 per share). The indirect result per share over the first three quarters of 2018 was EUR -0.02 (first three quarters of 2017: EUR 0.01 per share).

### Outlook

Triodos Vastgoedfondos' highest priority remains raising the rental income. The fund will continue its efforts to further improve the quality of the portfolio. In addition to asset rotation, increased efforts on renewal of expiring lease contracts and attracting new tenants will further improve the occupancy rate.

Due to the recent investments the fund expects gross rental income over 2018 will be around EUR 6 million. The fund will benefit from lowered cost of debt since the average interest costs decreased from 3.1% as per 30 June 2018 to 2.6% as per 30 September 2018 due to successful refinancing activities in 2018.

As a result, the fund expects a marked increase in the direct result in 2019. The fund is confident that its distribution policy of EUR 0.20 per share will be maintained.

## Review Q3 2018

### Result

EUR x 1,000	YTD 2018	YTD 2017
Gross rental income	4,341	4,418
Other income from investments	3	-
Net service charges	-146	-152
Property expenses	-573	-661
<b>Net rental income</b>	<b>3,625</b>	<b>3,605</b>
Management costs	-769	-753
<b>EBIT</b>	<b>2,856</b>	<b>2,852</b>
Funding charges	-632	-1,386
<b>Direct result</b>	<b>2,224</b>	<b>1,466</b>
Indirect result	-305	128
<b>Net result</b>	<b>1,919</b>	<b>1,594</b>

Per share	YTD 2018	YTD 2017
Direct result	0.14	0.13
Indirect result	-0.02	0.01
<b>Net result</b>	<b>0.12</b>	<b>0.14</b>

### Balance sheet

EUR x 1,000	YTD 2018	YTD 2017
Real estate assets	98,490	63,115
Net debt	46,549	18,652
Equity	53,505	52,580

## Portfolio

EUR x 1,000	YTD 2018	YTD 2017
Number of properties	17	15
Value of investments (EUR x1000)	98,490	63,115
Annual contracted rent (EUR x1000)	7,046	5,163
Lettable area (sqm)	51,580	38,487
WAULT (in years)	5.7	4.2
Average rent/sqm (EUR/p.a.)	145	134

## Financial results

## Rental income

Acquisitions	Date	Annualized rent	Divestments	Date	Annualized rent
De Rode Haan, Delft	Jan 18	€ 949,000	Wattbaan, Nieuwegein	July 17	€ 707,000
Anna van Saksenlaan, The Hague	July 18	€ 440,000	Platinaweg, Emmeloord	Sept 18	€ 97,000
Naritaweg, Amsterdam	Sept 18	€ 965,000			

## Funding costs

Funding costs decreased from EUR 1.4 million in the first three quarters of 2017 to EUR 632,000 in the first three quarters of 2018, while net debt increased from EUR 18.7 million to EUR 46.6 million. Following additional refinancing efforts in the third quarter of 2018, the average interest rate further decreased from 3.1% as per 30 June 2018 (3.9% as per 30 September 2017) to 2.6% as of 30 September 2018.

The fund has secured a new EUR 56 million loan. The seven-year loan was arranged by ING Bank, which will also act as facility and security agent. Triodos Bank and Triodos Groenfondts participate for in total EUR 15 million in the new facility.

The average term of the loan portfolio has increased from 5.7 years as per 30 September 2017 to 7.0 years as per 30 September 2018. The loan-to-value of the fund as per 30 September 2018 increased to 45.7% (year-end 2017: 29.2%).

## Revaluation

The revaluation result amounted to EUR 2.6 million. The value increase of the portfolio was fully offset by the acquisition costs related to the in total EUR 33.3 million investments in three new buildings. The acquisition costs largely consisted of the 6% transfer tax. Due to a change in accounting policy, real estate advisory fees of EUR 200,000 related to rental contracts could no longer be amortized and now are included in the revaluations. This resulted in a total indirect result of EUR 0.3 million negative in the first three quarters of 2018, compared with EUR 0.1 million positive in the first three quarters of 2017.

## Portfolio developments

## Leases and occupancy rate

The occupancy rate of the portfolio increased to 91.9%, compared to 89.3% at 30 June 2018 (30 September 2017: 91.1%). The increase is mainly due to the fund's recent acquisitions. Also, new tenants were welcomed in Arnhem. At the moment the fund is actively negotiating rental contracts with new tenants in Amersfoort and Apeldoorn.

The average unexpired term of the leases in the portfolio is 5.7 years (30 June 2018; 5.4 years, 30 September 2017: 4.2 years).

## Sustainability

The result of the GRESB (Global Real Estate Sustainability Benchmark) survey have been published in September. Through this survey the fund can compare sustainability results with other real estate companies in the market. For the seventh consecutive year, the fund received the qualification 'Green star', which means it is one of the best performing funds with regard to sustainability. The fund applied for subsidy for 400 KWp solar panels for several buildings in the portfolio.

## Budget day 2018

On 18 September 2018, the Dutch Ministry of Finance announced important changes and amendments to the Dutch tax legislation for 2019 and onwards. Most relevant for the fund was that the Fiscal Investment Institution (FBI or fiscal beleggingsinstelling) would no longer be allowed to invest directly in Dutch real estate. However, on 15 October this plan was abolished, which implied that Dutch fiscal investment institutions (FBI) can continue to benefit from the withholding tax facility. Further, FBIs can continue to invest in Dutch real estate.

## EPRA Performance measures

	Q1 – Q3 2018	Q1 – Q3 2017
EPRA Earnings	0.13	0.09
EPRA NAV	EUR 3.24	EUR 3.18
EPRA NNAV	EUR 3.24	EUR 3.18
EPRA Net Initial Yield (NIL)	6.4%	6.7%
EPRA 'topped-up' NIY	6.5%	6.8%
EPRA Vacancy rate	8.1%	8.9%

Triodos Vastgoedfonds 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 Vastgoedfonds 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](http://www.epra.com).

## Portfolio per 30-09-2018

## Breakdown by Building

Building	square meters NEN2580	Parking spaces	Energy label	Listed building*	Owned since
Amersfoort, Utrechtseweg	3,224	25	A	no	2010
Amsterdam, Herengracht	2,531	6**	G	yes	2008
Amsterdam, Naritaweg	6,201	53	A	no	2018
Apeldoorn, Laan van Westenenk	2,846	75	A	no	2008
Arnhem, Willemsplein	2,449	0	G/C	yes	2011
Baarn, Kennedylaan	1,888	55	C/G	yes	2004
Boxtel, Bosscheweg	3,663	71	B	no	2006
Delft, Westlandseweg	6,769	113	B	no	2018
Den Haag, Anna van Saksenlaan	2,939	36	A	no	2018
Den Haag, Prins Hendrikstraat	1,371	0	A	yes	2011
Groningen, Stationsweg	5,080	36	A+	no	2011
Groningen, Rostockweg	2,308	60	A+	no	2008
Rotterdam, Honingerdijk	1,781	40	G	yes	2009
Utrecht, Blaeulaan I & II	2,677	32	A+/D	no	2009
Velp, Kastanjehof	1,410	15	A++	no	2012
Wageningen Nieuwe Kanaal EF	875	22	A	no	2005
Wageningen, Nieuwe Kanaal ABC	3,565	63	A	no	2005

\* Listed buildings by law are allowed to have lower Energy Labels

\*\* Rented parking spaces, not owned by the fund



### Rode Haan, Delft

The property measures 6,769 sqm and has 107 parking spaces. The building is within walking distance of the train station of Delft and is also easily accessible by car. The building is a good example of Industrial Flexible and Dismountable construction (IFD).



### Red Cross building, The Hague

The property measures 2,939 sqm 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 to an A+ energy label.



### Office Sloterdijk, Amsterdam

The property measures 6,201 sqm, within walking distance of Amsterdam Sloterdijk train station. The multi-tenant building has an energy label A and is leased to various tenants.



## 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 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 a positive financial return and positive impact on our society. Assets under management as per end of June 2018: EUR 4.2 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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