

Triodos Vastgoedfond

Quarterly Report Q4 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 31-12-2018

Net assets

EUR 56 million

Total assets

EUR 106 million

Number of shares outstanding

16,515,754

Trading price

EUR 2.68

NAV per share

EUR 3.41

Dividend per 31-05-2018

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

- The fund has initiated the process to end its activities following the decision by the EGM on 17 December 2018
- Intention to pay out EUR 0.20 per share over 2018, similar to 2017
- Direct result of EUR 2.8 million (2017: EUR 3.0 million)
- Uptrend in valuations of portfolio assets
- 20% higher net result over 2018 compared to 2017

Comments of the fund manager

During the Extraordinary General Meeting of Shareholders of Triodos Vastgoedfond NV, held on 17 December 2018, the shareholders have voted in favor of the proposal of the board to end the fund's activities ([see press release](#)). Following this voting result, the board of Triodos Vastgoedfond has initiated the process to end the fund's activities.

During the fourth quarter of 2018, the net result of Triodos Vastgoedfond increased by EUR 2.8 million, leading to an increase of the total net result over 2018 by 20% to EUR 4.7 million compared to EUR 3.9 million in 2017. The increase of the total net result over 2018 is driven by an (unrealised) revaluation result in the fourth quarter of 2018. The total direct result over 2018 was EUR 2.8 million (2017: EUR 3.0 million). The direct result per share came to EUR 0.17, compared to EUR 0.24 in 2017. The indirect result increased in 2018 by EUR 1.0 million to EUR 1.9 million. Per share it increased to EUR 0.11 compared to EUR 0.07 in 2017.

The fund intends to pay out EUR 0.20 per share over 2018, similar to 2017. The process of ending the fund's activities might potentially influence this distribution.

Outlook

The board of Triodos Vastgoedfond has initiated the process to end the fund's activities. This can among others mean facilitating a public bid on the fund's shares, to sell the fund's portfolio and/or dissolution and liquidation of the fund. Investors will be regularly updated about the process of ending the fund's activities through press-releases.



Guus Berkhout
Fund Manager

Review 2018

Result

EUR x 1,000 ¹	2018	2017
Gross rental income	6,076	6,282
Other income from investments	4	174
Net service charges	-209	-201
Property expenses	-845	-605
Net rental income	5,026	5,650
Management costs	-1,318	-1,056
EBIT	3,708	4,594
Funding charges	-938	-1,569
Direct result	2,770	3,025
Indirect result	1,901	878
Net result	4,671	3,903

Per share ²	2018	2017
Direct result	0.17	0.24
Indirect result	0.11	0.07
Net result	0.28	0.31

Balance sheet

EUR x 1,000	31-12-2018	31-12-2017
Real estate assets	100,805	63,865
Net debt	45,000	18,651
Equity	56,256	54,889

Portfolio

EUR x 1,000	31-12-2018	31-12-2017
Number of properties	17	15
Value of investments (EUR x1000)	100,805	63,865
Annual contracted rent (EUR x1000)	7,185	4,720
Lettable area (sqm)	51,577	38,487
WAULT (in years)	5.4	5.1
Average rent/sqm (EUR/p.a.) ³	141	122

¹ The figures in this report have been prepared with great care with the insights at the time of drawing up and on the basis of the going-concern principle. The statutory annual accounts for 2018 may deviate from this report in the event of new insights or changed accounting principles.

² The weighted average number of shares outstanding (x 1,000) at year-end 2018 was 16,516. At year-end 2017 it was 12,566.

³ As average rent is calculated including the vacancy in the portfolio, average rent decreases as vacancy rises. When calculated excluding the vacancy, average rent per square meter was EUR 155/sqm (2017: EUR 146/sqm).

Financial results

Rental income

In 2017 the fund received a termination fee of EUR 0.8 million paid for early termination of the rental agreement for the property in Utrecht. This was a one-off income which the fund did not receive in 2018. 50% of the property is still vacant. This explains the decrease of rental income in 2018 compared to rental income in 2017.

The gross rental income changed due to the investments and divestments of the portfolio.

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			

Property expenses increased from EUR 605,000 in 2017 to EUR 845,000 in 2018. This was mainly due to one-off higher costs of maintenance, related to the refurbishing of the property in Utrecht.

As a result, net rental income decreased from EUR 5.7 million to EUR 5.0 million.

Management costs

The management costs increased to EUR 1.3 million (2017: EUR 1.1 million), mostly resulting from the increased management fee related to the growth of the portfolio from EUR 63.9 million to EUR 100.8 million.

Interest costs

Interest costs decreased from EUR 1.6 million in 2017 tot EUR 0.9 million in 2018. Due to refinancing efforts in the third quarter of 2018, the average interest rate further decreased from 3.1% (end of 2017) to 2.6% as of 31 December 2018. The fund now deploys EUR 45 million of the existing EUR 56 million loan facility. The tenor of the loan is 6.7 years as per 31 December 2018. The loan-to-value of the fund increased to 44.6% (year-end 2017: 29.2%).

Revaluation

The total value of the investment portfolio amounted to EUR 100.8 million at 31 December 2018 (63.9 million at 31 December 2017), an increase of EUR 36.9 million. EUR 32.0 million was due to investments and divestments, EUR 3.0 million was due to acquisition costs and EUR 1.9 was due to revaluations of the portfolio. Primarily capital value of properties in the big cities went up, particularly in Amsterdam, while values in other areas remained stable.

Acquisitions	Date	Investment	Divestments	Date	Divestment
De Rode Haan, Delft	Jan 18	€ 11,500,000	Platinaweg, Emmeloord	Sept 18	€ 1,330,000
Anna van Saksenlaan, The Hague	July 18	€ 7,000,000			
Naritaweg, Amsterdam	Sept 18	€ 14,800,000			
Total		€ 33,300,000			€ 1,330,000

Portfolio developments

Leases and occupancy rate

The occupancy rate of the portfolio was 94.4 % at year-end 2018 (2017 year-end: 87.3%), primarily due to the expansion of the portfolio with fully let buildings. The average unexpired term of the leases in the portfolio increased to 5.4 years (31-12-2017: 5.1 years).

On 31 October 2018 Triodos Vastgoedfonds NV has signed a turnkey purchase agreement with Property Match to acquire the fully redeveloped office building located at Prof. Dorgelolaan 12 in Eindhoven, the Netherlands, including a long-term lease agreement for the entire period with its tenant, EY. The building acquired by Triodos Vastgoedfonds NV has a gross initial yield of around 6.4% (deed in hand). The office building is within walking distance of Eindhoven Central Station. The redeveloped building is all-electric, meaning that it has no gas connection. It is the third building in the Triodos Vastgoedfonds portfolio that no longer has a gas connection. Various sustainable applications will result in an A+++ label and a 65% reduction in CO2 emissions. A green certificate was issued by the Dutch Ministry of Infrastructure and Water Management, providing a 0.7% discount on the financing of part of the building. The building is expected to be added to the portfolio in Q1 2019. Subsequently occupancy rate of the portfolio and average tenor of the leases will further increase.

Impact

The fund increased its efforts to put solar panels on the roof of its buildings. For 2019, the fund obtained subsidies to put 803 kWp solar capacity on its buildings (2018: 216 kWp).

Portfolio per 31-12-2018

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

Investments in 2018



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.

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