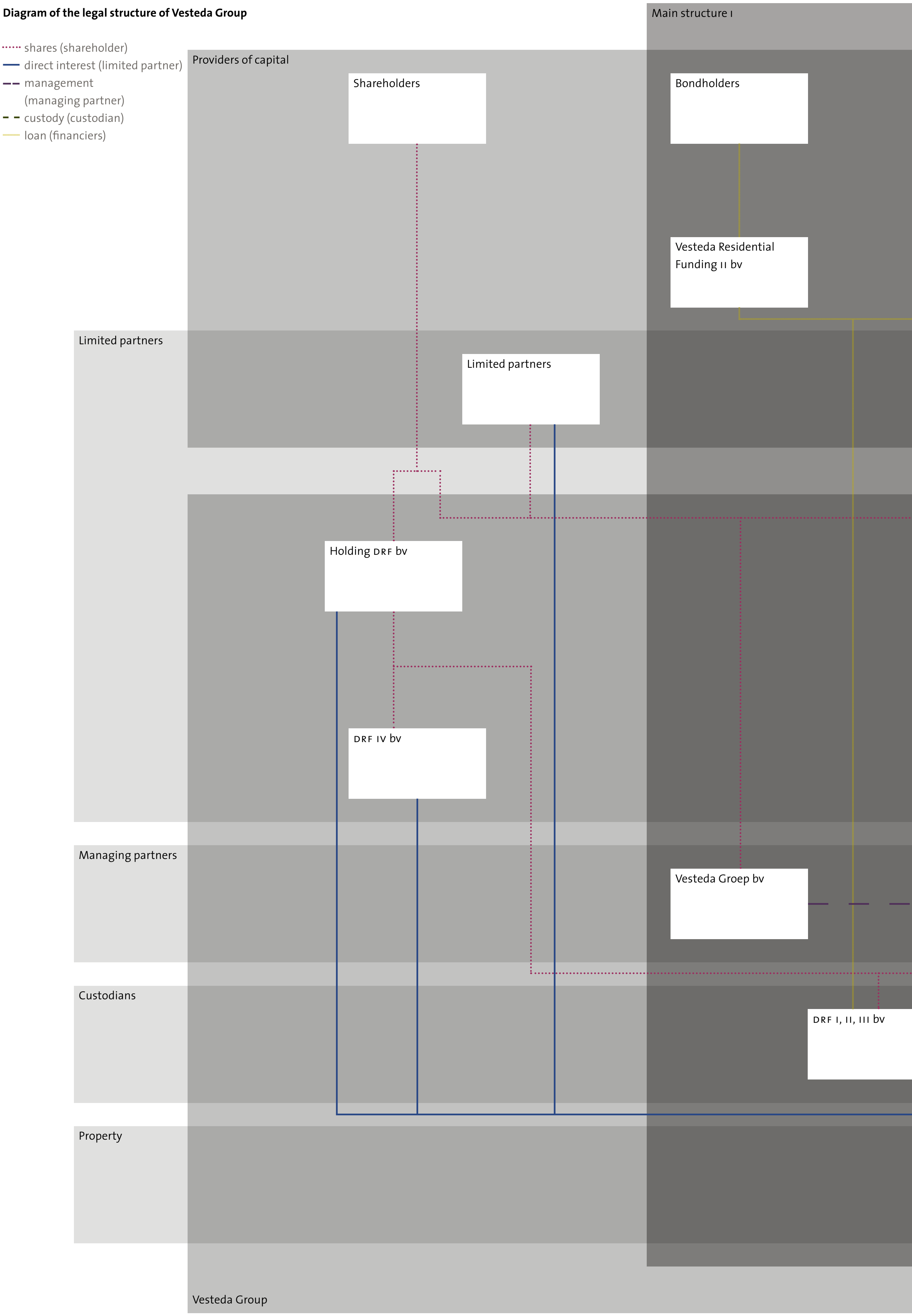
VESTEDA GROUP

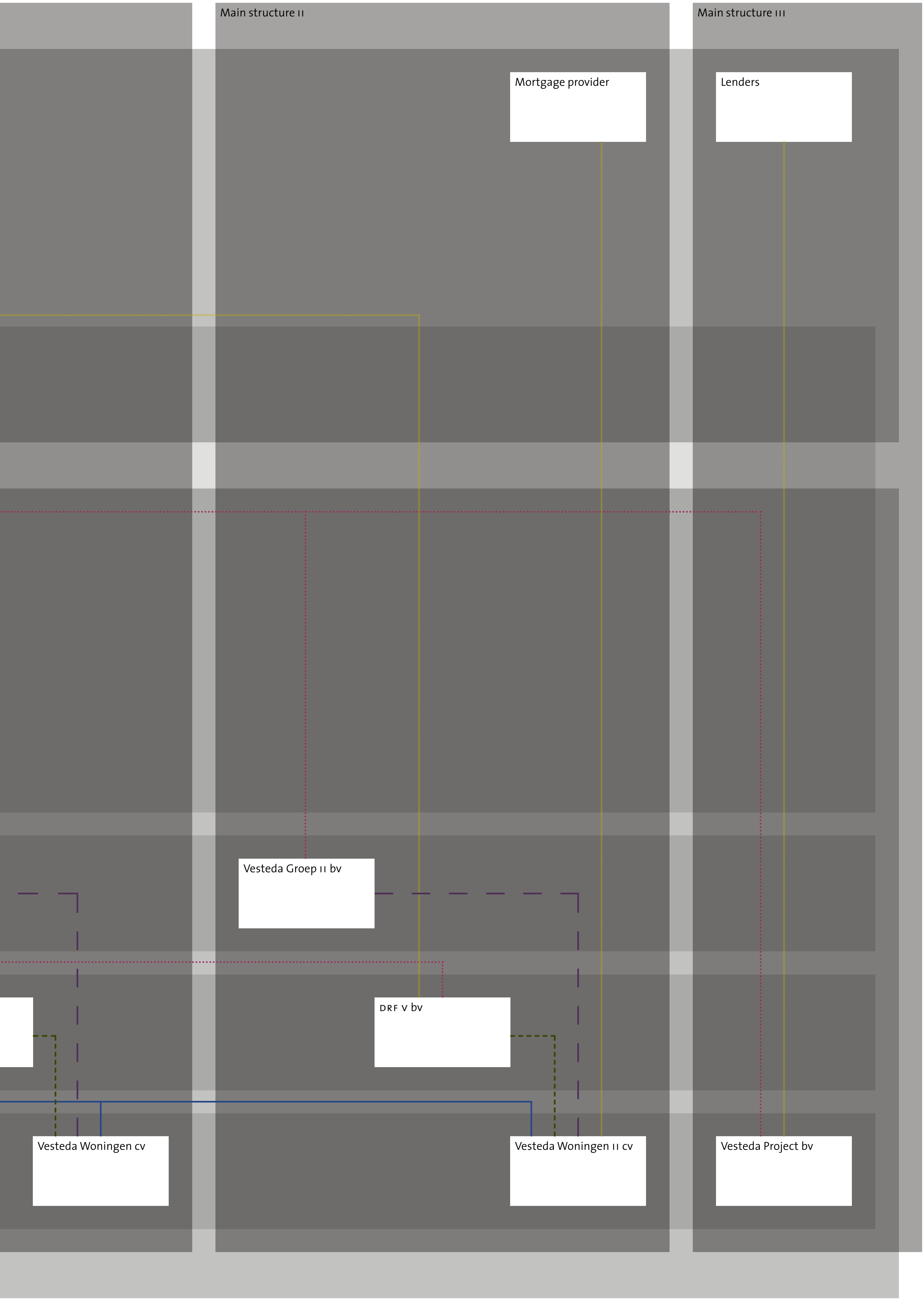
ANNUAL REPORT

'09

vesteda

Diagram of the legal structure of Vesteda Group




Main structure II
Main structure III
Mortgage provider
Lenders
Vesteda Groep II bv
DRF V bv
Vesteda Woningen cv
Vesteda Woningen II cv
Vesteda Project bv

Vesteda Group
Annual Report 2009

This Annual Report is an English translation of the Dutch version. The Dutch version will prevail in the event of any differences of interpretation. Copies of the Annual Report are available on www.vesteda.com

Vesteda Project bv's report is no longer being published separately. The information it provided on that company's targets, strategy and activities during the financial year is now incorporated in the Vesteda Group Annual Report.

Disclaimer. References in this Annual Report to 'Vesteda', 'we', 'the company' or similar terms mean the Vesteda Group as defined in the Legal structure section on page 28. This Annual Report contains forward-looking statements. Those statements may – without qualification – contain expectations on future realised and unrealised results, yields, distributions, government measures, the effect of other regulatory measures on Vesteda's activities, the shares and/or partnership contributions of Vesteda Group, subsidiaries and joint ventures, macro-economic trends and Vesteda's performance in them. Such comments are preceded or followed by or contain terms such as 'believe', 'expect', forecast', 'of the opinion', 'anticipate' or similar terms. These forward-looking statements are based on current assumptions about future activities and are subject to known and unknown factors and other uncertainties, many of which are beyond Vesteda's control, and so actual results in the future may differ materially from these expectations.

Contents

Summary

Vesteda Group profile

Vesteda is a property investment fund focusing on the Dutch residential property sector. It acquires, lets, manages and sells homes, thus raising the quality of its property portfolio. Vesteda offers households rental homes that meet their residential needs and offers investors a property portfolio providing investment opportunities in the Dutch housing market.

Our market

higher-rent sector in and around Dutch towns and cities

Vesteda focuses on the deregulated or higher-rent sector, which includes all residential properties with rents from about €650 per month, concentrating on homes with rents up to €1,200. The Dutch housing market has insufficient high-quality rental properties in good locations in this segment. Vesteda provides comfortable, carefree housing and has a broadly-based portfolio of apartments and houses in and around Dutch towns and cities in the core regions it has identified.

Our customers

smaller households with above-average incomes

Vesteda's range of products and services reflect the needs of current and future customers and are based on almost ten years of ongoing annual surveys of thousands of tenants and meetings with tenants and tenants' associations. Vesteda's customers are chiefly households with above-average incomes: single-person and dual-income households, but also families with children. People over 50 are an important group which is growing rapidly because of the ageing population. There is also a growing proportion of tenants from the business market: companies who rent homes for their employees or who make standard agreements on rents and terms.

Our investors

for institutional investors

Vesteda is not listed on the stock exchange. Vesteda's investors are institutions including pension funds, banks and insurance companies. At the 2009 year end, Vesteda had seventeen investors. Vesteda's profile is of a 'core' investment fund and it aims to make a stable annual distribution to its investors, while the investment itself grows in value by at least the rate of inflation over the long term.

Our environment

responsible and sustainable integration

With over 27,000 homes for rent, Vesteda provides housing for around 65,000 people, which is equivalent to the population of a medium-sized Dutch town, and devotes attention to open spaces, infrastructure, location in relation to town centre and facilities, sustainable management and a responsible use of energy in all the properties its develops.

Our people

results-driven organisation

Vesteda Group employs about 335 people (FTEs) in a young and dynamic organisation. Vesteda has its own network of regional property management offices, known as woongaleries, which let and manage properties. In Vesteda Project bv, Vesteda has its own group of specialists who are its project developers and commissioning agents for builders and developers. The investment, development, purchase and sales policies are based on surveys and market research. The organisation is results-driven and focuses on achieving customer satisfaction and yields.

Our mission

comfortable housing for people

Everything we do at Vesteda can be summed up in our simple, but challenging mission: to create added value by providing people with comfortable housing so that our tenants, investors and employees will be happy and feel at home with Vesteda every day.

WHAT WE OFFER…

… TO OUR TENANTS

Vesteda stands for a great quality of life with the advantages of renting, in good locations in and around larger towns and cities in the Netherlands.

the advantages of renting

Tenants do not have to worry about maintenance or the associated costs, do not face a possible drop in the value of their house or a rise in mortgage interest rates and renting is very flexible, guaranteeing tenants' mobility (after the first year, tenants only have to give one month's notice).

the advantages of renting from Vesteda

In addition, Vesteda's tenants live in good locations, have a call-centre available 24 hours a day, 7 days a week for maintenance and emergencies and they usually rent direct from the owner, Vesteda, and not through an intermediary.

… TO OUR INVESTORS

The fund's profile was re-examined during the year as part of the 'Horizon Vesteda 2012-2020' project. The following profile, which will be developed further during 2010, came from more intensive dialogue with investors, including at a working conference on the subject.

Vesteda offers investors access to the Dutch housing market through a 'core' investment fund. There are three key concepts: limited risk, stable distributions and flexibility.

limited risk

Vesteda offers a limited risk profile by conservative use of loan capital, having a size that mitigates the risks in the portfolio, achieving a good spread across the market with the emphasis on strong regions and by focusing on growing segments in the market.

stable distributions

Vesteda offers an attractive result through an integrated business model that allows control over the quality and timing of acquisitions, by offering a high level of professionalism in marketing, letting and management in the letting phase, by having non-fee-based management in house, by favourable financing with loan capital based on a triple-A rating and by asking competitive rents. This makes it possible to offer a stable annual direct yield available for distribution averaging about 3½% to 4%, putting the long-term indirect yield on invested capital at or above the level of inflation.

flexibility

Despite not being listed on the stock exchange, Vesteda offers its investors a degree of flexibility by bringing together a broad group of institutional investors with a long-term focus and having an active investor-relations policy, thus supporting the liquidity of the shares.

… TO OUR EMPLOYEES

results-driven enterprise

Vesteda is an employer where results-driven enterprise, co-operation, personal responsibility and open communications are central. Vesteda offers scope for self-development, good training opportunities, a professional group of colleagues and a competitive salary.

Key figures

OPERATIONS

Balance sheet ► page 126

year end, amounts in millions	**2009**	2008	2007	2006	2005	2004	2003	2002	2001	2000
	€	€	€	€	€	€	€	€	€	€
total assets	**4,932**	5,107	5,077	4,630	4,356	4,323	4,288	4,250	4,204	4,110
equity	**2,941**	3,264	3,288	3,169	2,956	2,902	2,877	2,861	2,845	4,006
loan capital (long-term)	**1,758**	1,725	1,650	1,300	1,300	1,300	1,237	1,238	966	8

Portfolio ► page 74

year end, amounts in millions	**€**	€	€	€	€	€	€	€	€	€
Development portfolio	**254**	279	135	176	196	256	218	168	143	109
Letting portfolio	**4,484**	4,699	4,799	4,306	4,034	3,850	3,838	3,899	3,913	3,888
total portfolio	**4,738**	4,978	4,934	4,482	4,230	4,106	4,084	4,067	4,056	3,997

Units ► page 81

year end, Letting portfolio										
number of residential properties	**27,243**	27,624	28,334	27,990	29,276	31,122	33,474	35,904	38,070	40,684
number of commercial m²	**51,663**	43,179	39,789	41,725	36,098	40,791	36,960	37,266	34,594	35,630
number of parking/garage spaces	**9,699**	9,457	8,984	8,185	7,203	7,146	6,928	7,420	7,318	7,801

Occupancy rate ► page 82

year end, calculated on the number	**%**	%	%	%	%	%	%	%	%	%
Letting portfolio	**95.3**	97.1	97.2	96.8	96.4	97.4	98.4	98.7	98.7	99.0

Net rental income ► page 82

amounts in millions	**€**	€	€	€	€	€	€	€	€	€
Letting portfolio, at start of year	**4,699**	4,799	4,306	4,034	3,850	3,838	3,899	3,913	4,000	3,788
net rental income	**180**	176	168	159	162	173	178	187	191	206
net rental income	**3.8%**	3.6%	3.8%	3.9%	4.2%	4.5%	4.6%	4.8%	4.8%	5.4%

Customer satisfaction ► page 72

rating (out of 10)										
Letting portfolio	**7.0**	7.0	7.1	7.1	7.0	7.1	7.2			

Result ► page 21, 127

amounts in millions	**€**	€	€	€	€	€	€	€	€	€
realised result	**109**	107	133	149	188	197	196	201	199	297
unrealised result	**–372**	–119	178	285	206	138	137	136	149	441
total result	**–263**	–12	311	434	394	335	333	337	348	738

Result ► page 21

as % opening equity	**%**	%	%	%	%	%	%	%	%	%
realised result	**3.4**	3.2	4.2	5.0	6.5	6.9	6.9	7.1	7.1	7.7
unrealised result	**–11.4**	–3.6	5.6	9.7	7.1	4.8	4.8	4.8	5.3	11.5
total result	**–8.0**	–0.4	9.8	14.7	13.6	11.7	11.7	11.9	12.4	19.2

Employees ► page 89

year end										
FTE	**346**	337	318	322	298	286	267	189	116	107

YIELD AND DISTRIBUTION

Yield ► page 21	**2009**	2008	2007	2006	2005	2004	2003	2002	2001	2000
amounts in millions	**€**	€	€	€	€	€	€	€	€	€
total result	**–263**	–12	311	434	394	335	333	337	348	738
revaluation of derivatives	**–35**	–92	18	11						
total yield	**–298**	–104	329	445	394	335	333	337	348	738

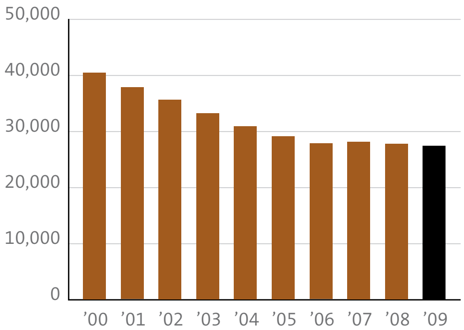
Yield ► page 21										
as % of opening equity	**%**	%	%	%	%	%	%	%	%	%
total result	**–8.0**	–0.4	9.8	14.7	13.6	11.7	11.7	11.9	12.4	19.2
revaluation of derivatives	**–1.1**	–2.7	0.6	0.3						
total yield	**–9.1**	–3.1	10.4	15.0	13.6	11.7	11.7	11.9	12.4	19.2

Distribution to investors ► page 23									
amounts in millions	**€**	€	€	€	€	€	€	€	€
opening equity	**3,264**	3,368	3,169	2,956	2,902	2,877[1]	2,861	2,845	2,802
distribution to investors	**109**[2]	121	210[3]	232	340	310	315	320	306
distribution to investors	**3.3%**[2]	3.6%	6.6%[3]	7.8%	11.7%	10.8%	11.0%	11.3%	10.9%

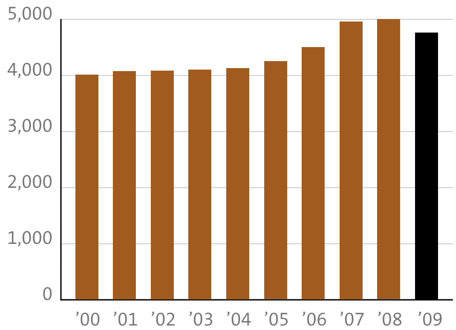
Distribution to investors ► page 23									
per share/partnership contribution	**€**	€	€	€	€	€	€	€	€
opening equity	**127.49**	131.52	126.74	118.23	116.08	115.08	114.43	113.77	112.09
distribution to investors	**4.26**[2]	4.72	8.40[3]	9.28	13.60	12.40	12.60	12.80	12.24
distribution to investors	**3.3%**[2]	3.6%	6.6%[3]	7.8%	11.7%	10.8%	11.0%	11.3%	10.9%

1 differs from equity at year end 2003 because of final dividend of €15 million
2 including proposed €84 million (payable in 2010), representing €3.28 per share/partnership contribution, or 2.5% of opening equity
3 including allocated stock dividend of €80 million or €3.20 per share/partnership contribution, or 2.5% of opening equity

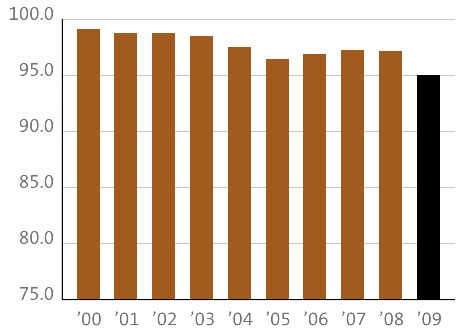
Number of residential properties
Letting portfolio, year end



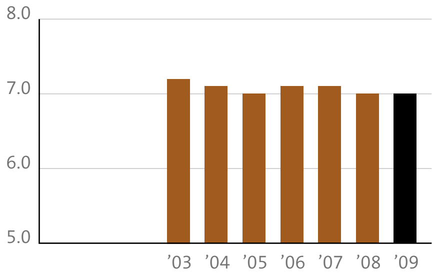
Total portfolio
millions, at year end



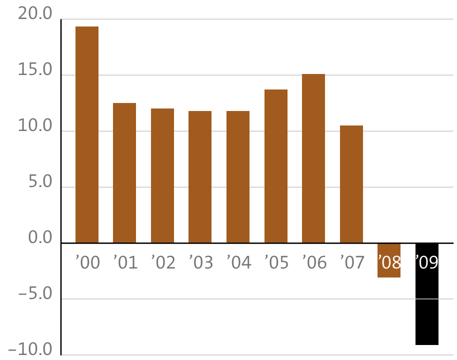
Occupancy rate
% of Letting portfolio, year end, in numbers



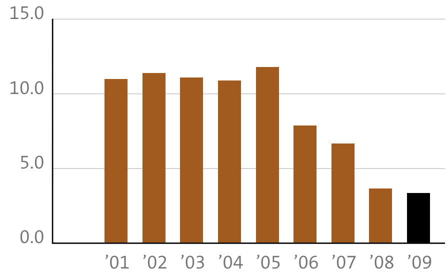
Customer satisfaction
rating (out of 10)



Yield
% of opening equity



Distribution to investors
% of opening equity



RESULT AND YIELD

Increase in net rental income from 3.6% to 3.8% in 2009, partly as a result of rent rises, cost savings and revaluations ► page 87

Downward revaluation of the Letting portfolio by -6.6%, or €-309 million, caused mainly by a fall in individual sales values as a result of the credit crisis and the associated standstill in the housing and property financing markets in 2009. Almost all the projects were appraised by external valuers at least once during the year ► page 80

Provision of €-65 million formed for liabilities in the Development portfolio in 2009, for the same reasons ► page 76

Increase in realised result from 3.2% to 3.4% in 2009 ► page 21

ROZ/IPD All Residentials benchmark beaten by 0.4%, with benchmarks for both the direct yield (+0.3%) and the indirect yield (+0.1%) being beaten ► page 88

Fall in value of the derivatives of €35 million, or 1.1% of equity, as a result lower interest rates during the year. Derivatives are recognised in the balance sheet at fair value and so the revaluation forms part of the yield ► page 36

An occupancy rate of 95.3% for the Letting portfolio, lower than at the start of year partly as a result of above-average completions of new properties and stagnation in the housing market ► page 82

Fall in the gross-net maintenance costs from 27.0% in 2008 to 26.4% in 2009 ► page 87

Increase in management expenses from 37 bp to 38 bp during the year, as a result of the fall in the value of the portfolio in 2008. In absolute terms, management expenses fell by 2% ► page 87

OTHER KEY EVENTS

Preparation and commencement of implementation of the 'Horizon Vesteda 2012-2020'[1] project which, working with investors, will shape the period after 2012 ► page 33, 7

€350 million refinancing to replace the €400 million of bonds that expire in mid-2010 was secured early, during 2009. Vesteda arranged the refinancing of the existing portfolio, subject to maintaining the triple-A credit rating which the bonds have enjoyed continuously since they were issued. The remaining funding requirement in the period to 2012 is, therefore, limited to project development activities and new investment projects of €200 million overall ► page 35

Changes to the structure of the investment fund to create greater financing flexibility. Up to now, Vesteda has used a single fund 'Vesteda Woningen CV', which was financed for about one third by loan capital from the issue of various series of bonds. During the year, Vesteda set up a second fund, 'Vesteda Woningen II CV', for mortgage financing ► page 28

Contribution of €121 million capital to Vesteda Woningen II CV by Vesteda Group's existing investors, mortgage financing of €48 million and the contribution of 261 residential properties in five projects to this new fund ► page 28

Significant reduction in the pipeline of projects under development, by a total development cost of €1.45 billion. A large number of projects for which there were no firm, contractual arrangements have been removed from the pipeline. It was also decided to sell more newly-built homes from the pipeline, if conditions permit and where the market offers opportunities ► page 76

Decision to sell residential properties with a value of some €800 million from the Letting portfolio between 2010 and 2014, to align it more closely with the target portfolio, in particular in its regional and rent-specific features ► page 64

Outflow of over 1,100 residential properties from the Letting portfolio, mainly by disposal of complete complexes ► page 86

Inflow of a record number of over 700 residential properties to the Letting portfolio, divided between Vesteda Woningen CV and Vesteda Woningen II CV, as eleven properties handed over by Vesteda Project BV during the year for letting ► page 80

Reduction of the organisation. The number of staff, including temporary agency staff, fell from 358 FTEs at year end 2008 to 335 at the beginning of 2010 ► page 89. This included a reduction in Vesteda Project BV's workforce compared with earlier plans for growth; it fell from 41 to 27 FTEs on 1 January 2010 as a result of the reduction in the pipeline of new developments ► page 90

Proposed implementation of the second phase in the reorientation of the property management organisation, bringing greater specialisation to functions, more attention to customers and properties during the management phase and a simpler reletting process. As a result of this second phase, further reductions in staff levels are foreseen for 2010 in addition to other cost reduction measures ► page 66, 91

Further move towards on-line marketing, resulting in an increase in visits to vesteda.com, almost doubling during 2009 to about 140,000 unique visits per month by the end of the year ► page 67

1 Originally known as the 'fourth phase', see the notes on page 33, 7

The Supervisory Board and the Managing Board at Vesteda's head office, Maastricht, 24 February 2010.
Left to right: Cees de Boo, Frits van der Togt, Onno Breur, Frans Corpeleijn, Charlotte Insinger, Huub Smeets, Dick de Beus, Pieter van den Berg

Board members[1]

SUPERVISORY BOARD

appointed January 2002, reappointed January 2006, appointed chairman July 2006, retirement at end of second (and final permitted) term of office January 2010, extended to January 2012

W.F.T. (Frans) Corpeleijn (61), chairman Dutch nationality. Lawyer with the law firm Stibbe. Areas of expertise: management, Managing Board appointments, remuneration, legal. Ancillary positions: Managing board chairman of Sibelco NV, supervisory board chairman of Theodoor Gilissen Bankiers NV, supervisory board chairman of De Stiho Groep bv, supervisory director of Swedish Match Cigars bv, chairman of the board of United World College Maastricht, chairman of the advisory committee of the Frans Hals Museum.

appointed April 2002, reappointed April 2006, retirement at end of second (and final permitted) term of office April 2010, extended to April 2011

P.S. (Pieter) van den Berg (64) *appointed on the nomination of other investors* Dutch nationality. Former controller of and adviser to the Board of PGGM. Areas of expertise: financial (including accountancy and pension investments), tax, remuneration. Ancillary positions: supervisory director of ING Dutch Residential Fund, supervisory director of ING Dutch Office Fund, supervisory director of ING Dutch Retail Fund, supervisory director of Ampere Equity Fund, a member of Maatschap VC Holland, which visits pension funds for internal supervision purposes.

appointed July 2006, retirement at end of first term of office July 2010

D.J. (Dick) de Beus (63) Dutch nationality. Former chairman of the managing board of PGGM. Areas of expertise: management and financial (including pension investments). Ancillary positions: supervisory director of 's Heeren Loo Zorggroep, supervisory board chairman of Stichting Nederlands Philharmonisch Orkest en Nederlands Kamerorkest (Dutch philharmonic and chamber orchestras), board chairman of the SNS REAAL pension fund, member of the investment advisory committee of the Gasunie pension fund, member of the investment advisory committee of the Start Foundation and board member of Stichting ILC/Zorg voor Later.

appointed July 2007, retirement at end of first term of office July 2011

C.A.M. (Kees) de Boo (65) *appointed on the nomination of Stichting Pensioenfonds ABP* Dutch nationality. Former Chairman of the Managing Board of NS Vastgoed. Areas of expertise: management, financial (including property investment), project development, property management. Ancillary positions: board member of the Central Fund for Social Housing, board member of the ROZ/IPD Property Index, member of the advisory board of NS Poort, member of the advisory board of HD Projectrealisatie Rotterdam, treasurer of the Friends of the Netherlands Architecture Institute, member of the board of Artis (Amsterdam Zoo).

appointed January 2002, reappointed January 2006, resigned 31 December 2009

J.D. (Jan) Doets (65) *to December 2009* Dutch nationality. Former CEO of ING Real Estate. Ancillary positions: supervisory director of Q-Park NV, supervisory director of M.N. De Nijs Holding, President of the Supervisory Board of Schiphol Area Development Company, supervisory director of Zuidas Amsterdam onderneming, President of the Supervisory Board of Aedex.

appointed January 2010, retirement at end of first term of office January 2014

C.M. (Charlotte) Insinger (44) *from January 2010* Dutch nationality. CFO and member of the Board of Directors of Erasmus Medisch Centrum hospital. Areas of expertise: management, financial, tax. Ancillary positions: supervisory director of SNS REAAL NV, member of Advisory Board of Stichting Diergaarde Blijdorp (Blijdorp Zoo), member of Advisory Board of Between Us and member of the board of Stichting Antidoping Autoriteit Nederland.

MANAGING BOARD

Member of the Managing Board since January 2000, Chairman since November 2003. CEO from August 2006.

H.C.F. (Huub) Smeets (62), CEO Dutch nationality. Focusing on strategy, acquisitions and project development, staff and organisation, legal affairs (including insurance), communications, investor relations. Ancillary positions: member of the Council for Housing, Spatial Planning and the Environment (to January 2009), member of the Government Cultural Council, chairman of Stichting Werner Mantz (photography).

Member of the Managing Board since July 2004

O. (Onno) Breur (59), COO Dutch nationality. Focusing on strategy, innovation, asset management, property management, surveys/market research, product development, facilities, disposals, investor relations. Ancillary position: supervisory director of Westplan.

Member of the Managing Board since February 2000

F.H. (Frits) van der Togt (57), CFO Dutch nationality. Focusing on strategy, business development, finance and administration, control, funding, tax investor relations and ICT. Ancillary position: supervisory director of IRS Holding bv

1 of Vesteda Groep bv and Vesteda Groep II bv

Recession, credit crisis

The economic crisis hit home around the world, except in parts of Asia. The financial system stood on the edge of a precipice. Its grim results will be felt for years to come, certainly in America, but also in Europe. The effects were disastrous in Spain, Portugal, Greece, Ireland and the UK, and to some extent still are. Governments had to provide huge support, especially to the banks.

In 2009, we saw objectives on which there was political consensus, such as reducing government debt, suddenly put into perspective against the background of global developments. Investors suffered severe losses in the period from mid-2008 to mid-2009. Fortunately, investment returns picked up strongly in the second half of 2009.

Vesteda's response: control and an increase in direct yield

In mid-2009, it was not possible to estimate how much further the value of property would fall and if and when the property financing market would recover. Looking at the approaching redemption date of €400 million of bonds in mid-2010, control of the business was high on the agenda with, as an extension to this, cost reductions and an increase in the direct yield. The new market conditions demanded a robust response and a healthy basis was created for the future. Vesteda's response to the crisis can be summarised in four stages:

1 Reducing the Development portfolio

While growth in house building and project development had been targets for many years, during the year Vesteda was faced by an adverse combination of downward revaluations, stagnating sales, a more difficult and more expensive financing market and 1,400 new residential properties under construction in 2009 and 2010. Vesteda Project bv was, therefore, instructed to cut the development pipeline to a lower level, taking into account contractual agreements and expected yields. This measure led to a reduction of obligations for a large number of projects for which there were no firm contractual arrangements, by a total of €1.45 billion. The remaining portfolio was reviewed to see if postponement was an option or if changes could be made in consultation with the contract partners. Various renegotiations were under way at the end of the year. It was also decided to sell more homes from the pipeline. At the end of 2009, the firm pipeline consisted of long-term developments (to 2020) of €1.35 billion of which €1.15 billion was for the Letting portfolio and €0.20 billion for the owner-occupied market.

2 Flexibility and securing loan capital

With loan capital of €1.6 billion that has enjoyed a triple-A rating since it was issued, Vesteda has been able to benefit from low interests rates in the bond market in recent years. Transactions on the CMBS market effectively ceased in the fourth quarter of 2008. The fall in value of our property and the increase in financing charges cut the margin on the credit ratios that have to be met. Vesteda has changed its legal structure and set up a second fund for mortgage financing thus spreading the volume risk of refinancing and increasing flexibility in financing. Vesteda also secured refinancing for 2010, again on the proviso of a triple-A rating. This €350 million transaction thus met a significant condition for control early. Furthermore Vesteda agreed a spread of 1.63%, which may be considered low in the light of the interest rate premiums in the third quarter of 2009. The final interest cost, including hedging, is expected to be 4.4%. All credit ratios were well above the standard for the triple-A rating at 31 December 2009.

3 Cost reductions

Vesteda has cut its costs. The 2009 budget set clear frameworks for savings including cutting back on external advisors, travel, hotel and telephone expenses, lease charges, sponsorship, training and not least a sharp reduction in target remuneration. The greater focus on cost control forced us to look for all possible savings and improvements throughout the organisation in 2009 and, except for the management costs, this has yielded several results. One example is the structural saving of almost €100,000 per year by replacing almost three quarters of *acceptgiros* (bank transfer documents) by direct debits.

4 Organisational changes

The effects of the crisis on staff were felt mainly at Vesteda Project bv and the property management department in 2009. In October 2008, Vesteda Project bv was still assuming a further expansion of the organisation to 41 FTEs to handle growth in production. The cuts in the Development portfolio meant that this increase did not come about. A number of people had to be made redundant. Staff numbers at Vesteda Project bv had been reduced to 27 FTEs by the start of 2010. Measures taken during the year reduced the overall staff numbers at Vesteda, including temporary agency staff, from 358 to 335 FTEs by the beginning of 2010.

Proposals for a second phase in the reorientation of property management were announced during the fourth quarter of 2009. The main objective is improving commercial effectiveness, quality of implementation and customer focus, improving efficiency and making property management more flexible, in size and allocation of capacity across the projects. As a result of these developments, certain property management positions will change in their nature, disappear, be cut in number or, in some cases, expanded in 2010. Unfortunately, compulsory redundancies could not be avoided; any compulsory redundancy is one too many but inevitable in the context of the changes required.

Results

That was our response to the crisis. What are the results? Vesteda beat the benchmark and the bottom line is that the realised result was €109 million and the same amount will be distributed to investors.

Letting performance

Letting new projects takes longer than in the past and the same number of lets involves more visits by potential tenants. We have noted that the declining owner-occupied market is affecting our segment and older people, in particular, do not want to rent until they have sold their houses. The year ended with an occupancy rate of 95.3%, which is lower than we have been used to in recent years. We have not, of course, been standing idly by; no fewer than 3,700 new leases were entered into, the same number as in 2008, despite the recession affecting the housing market much more deeply in 2009. A further note on letting performance is that we placed a record number of 731 new properties on the market during the year.

Revaluation

The results for 2009 were, of course, affected primarily by the downward revaluations of about €309 million for the Letting portfolio and about €65 million for the Development portfolio. Overall, partly because of the leverage, this led to an unrealised result on equity of -11.4%; with a realised result of 3.4%, the total result was -8.0%. After revaluation of derivatives, our yield overall was €-298 million or -9.1%. The €65 million downward revaluation of the liabilities in the Development portfolio has been recognised as a provision in the balance sheet.

Efficiency improvements

In addition to the immediate results, 2009 also saw hard work on a number of efficiency and process improvements; this was not cut back. We have completely updated our Customer Relations Management (CRM) system and laid the foundations for a new budgeting and long-term planning programme for portfolio management, giving us a better view of the financial developments that can be expected for our projects.

Investor relations
During the year, Vesteda considerably intensified consultations with its investors and supervisory directors and transparency was further increased. When the Vesteda property investment fund was opened to new investors in 2001, the Participation Agreement stipulated that there would be consultations after ten years on the way the fund could enter a new phase. Options included continuing in the same way, a stock market flotation or investors withdrawing. 2009 saw a start to 'Horizon Vesteda 2012-2020', an important project that will define the course of the strategy, portfolio, financing and organisation for the next few years and the prospects that can be offered to existing and new investors. Vesteda's profile was revised after the working conference with investors and supervisory directors. Governance was also altered to create more intensive contact with investors on developments, purchases and sales of property and (de)leverage.

'In control' statement
Major steps were taken in the second half of 2009 towards a full 'in control' statement for 2010. Looking at seventeen key themes, our auditors checked whether the desired control had been achieved. The Managing Board expects to be able to issue a full statement for 2010.

Vesteda's profile
Vesteda has the profile as a 'core' investment fund that offers investors access to the Dutch housing market with a limited risk profile. In essence, it offers a stable cash yield on an inflation-proof investment. The focus will mainly be on the mid-range of the sector, with rents between €600 and €1,200 per month, in faster growing regions. By letting residential properties in the higher-rental segment for the most part in good locations, Vesteda is opting for a high level of sustainability in its approach.

Membership of the Supervisory Board
During the year, we said goodbye to Jan Doets, who had served on the Supervisory Board for eight years, and welcomed Ms Charlotte Insinger, 44, who is CFO of the Erasmus Medisch Centrum hospital in Rotterdam. Ms Insinger's appointment not only broadens the Supervisory Board's management experience and areas of expertise, but also enhances its diversity.

Role of housing associations and the government
To combat stagnation in the housing market, the Minister, Eberhard van der Laan, temporarily raised the guarantee on housing associations' loans. This further favoured their position on the playing field compared with commercial market parties. Their competitive position is enhanced by cheaper finance and the low or no return policy. This allows them to offer a better price/quality ratio for similar products than market parties. The European Commission generally agrees with the Minister which is why Vesteda is asking the European Court to review unfair competition between commercial landlords and housing associations. The IVBN is also approaching the European Court.

Need for property investments
The pension sector suffered considerable damage as a result of a combination of bad investment results and low interest rates, leading to sharply lower cover ratios during the first half of 2009 and some pension funds froze pension indexation. Fortunately, cover ratios had climbed back strongly by the end of 2009 and there will be a limited amount of indexation in 2010. Vesteda believes that property makes a significant contribution to pension investments and its nature makes it a very suitable vehicle for a 'liability driven' matching portfolio, mainly because of its inflation-proof rental income.

Outlook
2010 will be a year of major steps for Vesteda with the emphasis on generating cash and creating a higher return by adjusting the composition of the portfolio. Net rental income will rise to about 4% of the value of the Letting portfolio and profits on disposals will double to about €20 million so that the realised result will be about 3½% to 4%. Depending on trends in values, Vesteda could arrive at a neutral leverage effect. We expect to beat the ROZ/IPD 'All Residentials' benchmark, as in 2009. Letting is a major challenge and

the property portfolio will be comprehensively assessed against strict criteria on the quality of location, growth potential and yield, and a tough selection will not be avoided. The volume of the inflow to the portfolio will be financed by the outflow so that loan capital does not increase. The firm development obligations will become increasingly smaller in the years after 2010 than sales proceeds. Vigilance during the current hesitant market recovery and the focus on control must be maintained and heightened. Major steps will also be taken on the route to a modernised business with a new management ready for the next decade.

More than ever this year, we discovered that worse results cannot be avoided despite as much or even more effort, but this makes it no less disappointing. Our thoughts are with colleagues who have left: we wish them every success in their further career. Lastly, I would like to highlight the efforts of our staff and thank our employees for their contribution in the past year. It was an exceptional year, during which we started thinking differently with a great sense of urgency. I, therefore, thank everyone for their contribution and commitment.

Maastricht, 24 February 2010

Huub Smeets
CEO Vesteda Group

Performance indicators

The outlook for value creation was, apart from some roundings, achieved. The realised result was as forecast and although the unrealised result was negative, it was just outside the forecast range. The ROZ/IPD benchmark was beaten in 2009. Only the occupancy rate target was not achieved. The project development targets were revised during the year.

PERFORMANCE INDICATORS 2009

'Investment' targets

target achieved

The investment targets were achieved: gross and net revenue per property rose, letting and management expenses remained below the target ceiling and the year ROZ/IPD benchmark was beaten.

'Development' targets

target revised during 2009

The development targets were revised during the year. Investment in the Development portfolio and hand-overs of residential properties are no longer explicit targets.

'Management/letting' targets

largely achieved

The management and letting targets were achieved: customer satisfaction and rent rises were at or above the forecast level. The occupancy rate target was not achieved.

Performance indicators: target against actual 2009

Performance indicator:	actual 2008	target 2009	actual 2009
Investment			
gross revenue per property	increase of 5.6%	limited increase	increase of 3.0%
letting expenses	27.0%	under 28%	26.4%
management expenses	37 basis points	under 40 basis points	38 basis points
net revenue per property	increase of 5.6%	limited increase	increase of 3.9%
ROZ/IPD 'All Residentials'	not beaten	above benchmark	beaten
Development			
investment level incl. VAT	€229 million	€275 million	€233 million
hand-overs to Vesteda Group	344 homes	approx. 750 homes	731 homes
Management/letting			
occupancy rate:			
Letting portfolio	97.1%	approx. 96.0%	95.3%
of which let for more than 1 year	97.8%	approx. 97.0%	96.4%
rent rise (nominal)	2.5%	between 2.5 and 3.0%	2.8%
customer satisfaction	7.0	7.0	7.0
Sales			
disposal volume	1,052 homes	approx. 1,000 homes	1,112 homes

'Value creation' and 'distribution level' outlooks

outlook not achieved

2009 was not a good year for value creation as the downward revaluation of the portfolio led to an unrealised loss. Despite the negative contribution of the financing, the realised result on equity rose in 2009 compared with 2008.

Performance indicators: outlook against actual 2009

Performance indicator:	actual 2008	outlook 2009	actual 2009
Value creation			
as equity			
realised result	3.2%	approx. 3.2 to 3.5%	3.4%
unrealised result	–3.6%	between –11½% and –2½%	–11.4%
total result	–0.4%	between –8% and 1%	–8.0%
revaluation of derivatives	–2.7%	between –1% and 0%	–1.1%
total yield	–3.1%	between –9% and 1%	–9.1%
Distribution			
distribution to investors	3.6%	approx. 3½%	3.3%*

* based on a proposed final dividend of €84 million in 2010

Yield and distribution

The total yield for 2009 was €-298 million or -9.1% of opening equity. The realised result was €109 million or 3.4%, and will be distributed in full to the investors. There were two significant factors behind the decline from 2008 to 2009: the fall in property values and debt financing, as a result of the negative leverage effect and the fall in value of derivatives.

YIELD

Yield in 2009

net rental income €180 million

The table below shows the components of the yield. Gross rental income rose 1.7% compared with 2008 to €245 million. Letting expenses were unchanged at €65 million. Net rental income also rose by 2.3%, to €180 million.

management expenses €21 million

Despite the pay rise under the collective bargaining agreement and higher general level of costs, management expenses were 2% lower than in 2008 and once again at about €21 million.

interest expense €63 million

The average interest expense fell so that net interest was down about 9% compared with 2008, from €68 million to €63 million.

letting result €100 million

On balance, the letting result rose 11%, from €90 million in 2008 to €100 million in 2009, returning to the 2007 level. The rise was a net effect of a €4 million increase in net rental income, a net fall of €5 million in interest expense and a rise of €1 million in other income.

Yield

in millions of euros	**2009**	2008	2007	2006	2005
Gross rental income	**245**	241	230	221	219
- Letting expenses	**65**	65	62	62	57
Net rental income	**180**	176	168	159	162
+ Other income	**4**	3	5	12	4
- Management expenses	**21**	21	21	19	18
- Net interest	**63**	68	52	46	37
Letting result	**100**	90	100	106	111
+ Result on disposals	**9**	20	34	45	76
+ Result from participating interests	**–**	–2	–2	–1	–
- Tax	**–**	1	1	1	–1
Realised result	**109**	107	133	149	188
Unrealised result	**–372**	–119	178	285	206
Total result	**–263**	–12	311	434	394
+Revaluation of derivatives	**–35**	–92	18	11	
Total yield	**–298**	–104	329	445	394

Yield on equity

As a percentage of opening equity	**2009**	2008	2007	2006	2005
Realised result	**3.4**	3.2	4.2	5.0	6.5
Unrealised result	**–11.4**	–3.6	5.6	9.7	7.1
Total result	**–8.0**	–0.4	9.8	14.7	13.6
Revaluation of derivatives	**–1.1**	–2.7	0.6	0.3	
Total yield	**–9.1**	–3.1	10.4	15.0	13.6

result on disposals €9 million

The result on disposals fell significantly from €20 million to €9 million. This can be explained by a loss per property on sales of complexes and a higher proportion of sales of complexes.

realised result €109 million

Consequently, the realised result was €109 million, or 3.4% of opening equity. The realised result was €2 million higher than in 2008.

unrealised result €-372 million

The unrealised result was €-372 million, or -11.4% of opening equity.

revaluation of derivatives €-35 million

The revaluation of derivatives was €-35 million, or -1.1% of opening equity.

total yield €-298 million

The total yield for 2009 was €-298 million, or -9.1% of opening equity.

Causes of the fall in return from 2008 to 2009

2009 compared with 2008...

Two significant factors explain the sharp fall in yield in 2009: the fall in value of the property and debt financing. Furthermore, these two factors reinforced each other. The financing effect consisted of the negative leverage on the total result and the revaluation of derivatives. Total yield fell 6.0%: from -3.1% to -9.1%. The share of each element contributing to the fall in the yield is set out below.

... effect of realised result

Before leverage, the realised result in 2009 was 3.5% compared with 3.6% a year earlier: a difference of -0.1%. About 2% of the overall fall in the total yield of 6.0% was caused by the realised result.

... effect of fall in value

The revaluation of the portfolio is the unrealised result. In 2009, the value fell and the unrealised result before leverage was -7.5%. A year earlier this had been -2.5% and so the revaluation created 5.0% less yield in terms of the portfolio value. Its contribution to the fall in yield was thus 83%.

... effect of leverage

As the total result before leverage in 2009 was below the cost of loan capital, the leverage had a negative effect. The result was a 4.0% lower yield compared with a 1.5% lower yield in 2008. The leverage therefore created 2.5% less yield on equity. The pure effect of the leverage explains 42% the fall in the yield.

... effect of derivatives

In addition, the value of the derivatives fell, by a total of 1.1% of equity. The fall in 2008 had been steeper, at 2.7%. The reduction in the fall in value of the derivatives saved some 27% further fall in the yield in 2009 compared with 2008.

Composition of result and yield

2009 compared with 2008

Percentage	**2009**	2008	change	%
Realised result without leverage	**3.5**	3.6	−0.1	2%
Unrealised result without leverage	**−7.5**	−2.5	−5.0	83%
Total result without leverage	**−4.0**	1.1	−5.1	85%
Effect of leverage on total result (a)	**−4.0**	−1.5	−2.5	42%
Total result on equity	**−8.0**	−0.4	−7.6	127%
Revaluation of derivatives on equity (b)	**−1.1**	−2.7	+1.6	−27%
Total yield on equity	**−9.1**	−3.1	−6.0	100%
Effect of loan capital on yield (a+b)	**−5.1**	−4.2	−0.9	15%

DISTRIBUTION

proposed distribution €109 million

The management proposes that €109 million be distributed to its investors for 2009. €25 million was paid as an interim dividend in December 2009.

Distribution

	2009	2008	2007	2006	2005
in millions of euros	**€**	€	€	€	€
opening equity	**3,264**	3,368	3,169	2,956	2,902
distribution to investors	**109**[1]	121	210[2]	232	340
distribution to investors	**3.3%**[1]	3.6%	6.6%[2]	7.8%	11.7%
per share/partnership contribution	**€**	€	€	€	€
opening equity	**127.49**	131.52	126.74	118.23	116.08
distribution to investors	**4.26**[1]	4.72	8.40[2]	9.28	13.60
distribution to investors	**3.3%**[1]	3.6%	6.6%[2]	7.8%	11.7%

1 including proposed €84 million (payable in 2010), representing €3.28 per share/partnership contribution, or 2.5% of opening equity

2 including allocated stock dividend of €80 million or €3.20 per share/partnership contribution, or 2.5% of opening equity

Strategy

Vesteda's investment strategy focuses on generating an attractive, stable direct yield available for distribution and real, long-term value creation. From research, Vesteda has compiled a target portfolio that guides the investment policy. In this context, Vesteda undertakes comprehensive portfolio management, with a permanent balance between letting, redevelopment and sales with the aim of maximising long-term proceeds. Acquisition, letting and management and sales activities support the investment activities.

Dynamic investment portfolio

rejuvenation of portfolio through inflows and outflows

A key element of Vesteda's investment strategy is the roll-over principle: creating flexible opportunities for rejuvenating the portfolio if this is desirable given market conditions and the investment policy. Over the long term, a modest proportion of the portfolio, averaging 2% to 5%, is sold each year, with the value of the inflows and outflows of residential properties over the years and movements in loan capital being brought into the best possible balance. This ongoing rejuvenation helps to keep the portfolio up-to-date and consolidates capital gains.

The strategy has been effective in the past five years. On average 1,500 homes are sold each year, with an inflow of 800 residential properties. The rejuvenation means that modern homes up to 10 years old have grown considerably, from 17% to 28% of the value of the Letting portfolio: ► page 84. The outflow also consolidated capital gains: the average book profit on residential properties sold in the past five years was €24,000 per home ► page 86

Comprehensive portfolio management in line with target portfolio

focus on €600 to €1,200 band, focus on Randstad, Utrecht and Noord-Brabant

The target portfolio outlines the long-term composition of the portfolio that Vesteda is seeking to achieve. All purchases and disposals are considered against the framework of the target portfolio, which is reviewed and, if necessary, adjusted annually. In due course, most of the invested capital will be in housing in the €600 to €1,200 monthly rent band. The focus in the next few years will be strongly on the Randstad, Utrecht and Noord-Brabant.

Measured by theoretical rental income, a quarter of the portfolio is in the segment below €600 and one eighth above €1,200 ► page 83. 93% of the total theoretical rental income was generated in the core areas in 2009► page 82. Risk calculations were refined during the year and the results have a heavier weight in the portfolio strategy. A significant conclusion from this analysis is that the risk is greater for higher-rents than for locations in weaker regions. ► page 64 All investment in residential properties during 2009 was in regions 1 and 2.

Benchmark

ROZ/IPD, 'All Residentials'

Vesteda compares its yields against those of the ROZ/IPD 'All Residentials' benchmark, which shows the average yield on all participating Dutch residential property investments for various periods. Vesteda's target is to beat the benchmark each year, i.e. to perform structurally better than the average annual yield of the participants.

Vesteda beat the 2009 ROZ/IPD All Residentials benchmark by 0.4%, with both the direct yield (+0.3%) and the indirect yield (+0.1%) being above the market average ► page 88.

Risk spreading

size creates diversification

Vesteda is one of the largest Dutch residential property investment funds with invested capital of some €5 billion. This size allows a good spread of the invested capital across geographical markets and price segments. It also ensures good diversification, meaning a significant mitigation of risk within the portfolio.

ACQUISITION

Vesteda acquires residential properties through purchases and in-house developments by Vesteda Project bv, which also acts as the commissioning authority towards third parties for new purchases.

Area developments and projects

inflow often an in-house development

There are very few, if any, projects that are attractive to Vesteda in the locations it wants and so they have to be developed. Building locations are scarce and can be created through urban renovation. Vesteda devotes attention to public spaces, infrastructure and location with respect to the town centre and facilities.

During the year, 731 rental homes and 31 owner-occupied homes, along with 704 parking spaces and 3,700 m² of commercial space, were handed over in four residential projects ► page 75, 77.

Cooperation with municipalities

partnership from planning to letting

Experience with various municipalities has shown that Vesteda's specific knowledge of tenants and their wishes can play an effective part in helping to develop areas and neighbourhoods. Early participation is useful for a municipality as it means it can work with the same party during area and development planning, development and letting, and can transfer some of its tasks to a market player. Early participation is also important for Vesteda Project bv as it can then jointly determine the basic principles for the new development.

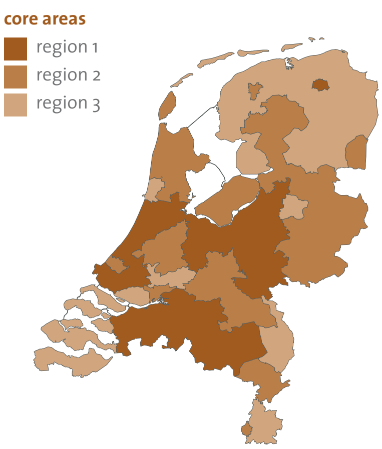
In 2002, the municipality of Amsterdam and Vesteda entered into a framework agreement for the construction of 2,500 rental homes in the mid-market segment and about 500 have now been built. Vesteda has intensive alliances for area developments in several places.

Flexibility

greatest possible flexibility on inflow into the investment portfolio

Vesteda Project bv aims for the greatest flexibility in the inflow of new projects. Depending on sales of residential properties from the investment portfolio and the intended market take-up of properties in a project, Vesteda can wait until a late stage to decide on continuing developing a project or opting for letting or sale.

During the year, Vesteda was faced with a market in which sales of individual residential properties slowed and prices and volumes on the professional tender market fell, generating less liquidity. The fall in value in the market also affected projects under development. Consequently, a significant task for Vesteda Project bv was to cut the development pipeline to a lower level. A large number of projects for which there were no firm contractual arrangements, with a total development value of €1.45 billion, were removed from the pipeline. Obligations for the remaining portfolio with a total development value of €1.35 billion to 2020 and where there are firm contractual arrangements, were complied with, but they were also reviewed to see if postponement was an option or if changes could be made in consultation with the contract partners. It was also decided to sell more newly-built homes from the pipeline if the conditions permit and where the market offers opportunities ► page 76. The Vesteda Project bv organisation was reduced from 41 to 27 in line with the reduction in the pipeline of new developments ► page 90.



LETTING AND MANAGEMENT

Vesteda has its own local property management offices for commercial, administrative and technical management of its residential properties. Vesteda's own call centre monitors the quality of the maintenance.

Internet as primary communication channel

increasing role of the internet improves efficiency of letting process

The www.vesteda.com website is key to communicating with potential tenants. People wishing to register an interest can do so on the website, which displays an up-to-date list of housing currently available. The customer contact centre handles sales support: initial follow up, pre-selecting and completing registrations. The letting teams in the woongaleries handle letting.

Visits to vesteda.com rose from 80,000 to 140,000 per month. 22,000 people looking for a home registered in 2009 and about 89% of them did so using the internet. In December, about half of all those registered looking for a home found Vesteda as a result of internet marketing. 14% of all those registered looking for a home became tenants in 2009. ► page 67.

Direct customer contact by Vesteda's own, local property management

control of costs and result, pleasanter quality of life, good brand support and source of market and project knowledge

It is usual in the property sector to work with local external property management organisations for management and letting. Given its chosen market sector and the associated growing demand for service, Vesteda decided in 2002 to perform its own property management, ensuring a focus on customers and high levels of service. As an investor, Vesteda is able to perform its own property management in almost all the core areas as a result of a combination of its size and the geographical concentration of its portfolio in and around towns. Improved manageability means better control of costs and results, while high levels of service mean improved customer satisfaction and a pleasanter quality of life. The woongaleries also provide good support to the Vesteda brand as a quality name in local housing markets, while direct customer contacts ensure market and project knowledge for strategic use in asset management and project development.

At year end 2009, the local woongaleries had a staff of 131 FTEs. With the back office, the call centre and the head office, staff numbered 179 FTEs who jointly managed some 25,900 residential properties: 95% of the Letting portfolio (the other 5% is managed by external property managers). They achieved 3,700 new lets in 2009. A two-stage organisational reorientation that started in 2009 enhanced commercial effectiveness, improved processes and reduced costs. The reorientation is expected to reduce the number of FTEs in the property management department in 2010. ► page 66, 91.

In-house customer contact centre monitors maintenance services and handles sales support

customer contact for services also in-house

Maintenance is coordinated by Vesteda's own centralised call centre, which oversees work and services provided by other parties, monitors agreements and provides feedback to tenants. Parties providing maintenance are paid fees that depend on customer satisfaction and the extent to which they comply with agreements. During 2009, the customer contact centre also took on an important role in initial follow up of registered potential tenants.

At year end 2009, the call centre employed 14 FTEs for reports of problems and 6 FTEs for sales support. Over 57,000 problems were reported in 2009 and customer satisfaction with handling them was rated at over 7. A tight process meant that Vesteda was able to follow up 96% of all registrations with at least three attempts to call within 24 hours. Good and rapid follow up of registrations is very important to successful letting.

Letting and sales

more flexibility between 'to let' and 'for sale'

Although letting is the main task of property management, sale of residential properties is becoming an increasingly structural speciality of Vesteda. Local sales coordinators in the woongaleries engage external agents.

Sales coordinators were appointed to the woongaleries during the year and a significant proportion of the disposal activities have been decentralised allowing a flexible choice between 'to let', 'for sale' or even bidding to be left until a late stage.

SALES

Sales of residential properties are intended to consolidate capital gains and improve the composition, age and quality of the portfolio and to reduce risk. Individual sales of residential properties maximise selling prices and complete complexes are sold for speed and liquidity.

Transparent disposal process

analysis and management by various specialists, sales by external agents

The asset management department makes hold/sell analyses and advises the Managing Board on disposals on the basis of market developments and competitive analysis, inflow of new projects into the Vesteda portfolio, long-term forecasts for portfolio management and liquidity forecasts. After the Managing Board's decision, properties are allocated to the letting/sale phase of the Letting portfolio. The asset management department sets the disposal strategy by selecting the phasing and pricing of each individual home. It also monitors liquidity flows. The property management department carries out the disposal process. A central department monitors the process and handles contract management.

In 2009, a total of 1,112 residential properties were sold for €176 million, generating a book profit of €9 million, an average of over €8,000 per property ► page 86.

Working towards a target portfolio

major sales from the segment over €1,000

Disposals mean that Vesteda can make phased adjustments to its portfolio aligning it towards the target portfolio.

In the coming period, Vesteda will be making major sales, particularly from the segment above €1,000 per month ► page 64.

Preference for individual sales

individual sales maximise prices and book profit

Vesteda prefers to dispose of properties through individual sales: direct sales of residential properties to the sitting tenant or with vacant possession to third parties. The best selling price is obtained by selling direct to the new owner/user.

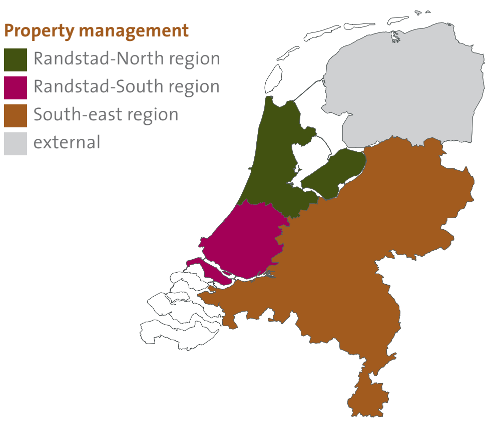
In 2009, 374 of the 1,112 residential properties were sold individually for €71 million. The average book profit was sharply up at about €35,000 per property but sales took longer ► page 86.

Managing sales of complexes

sales of complexes assist speed of sale and create liquidity

A complex is sold if individual sales do not offer a financial benefit, for example, because of very low tenancy turnover. Speed of sale and liquidity may also be reasons for sale by tender. Strictly regulated and transparent procedures are used for sales of properties. As well as screening the financial soundness of potential candidates and source of funds as far as possible, the purchaser's good reputation is a major consideration. The sales terms incorporate the IVBN[1] Sales Code and anti-speculation provisions required by Vesteda.

In total, 738 residential properties were sold in complexes ► page 86.



1 The Association of Institutional Property Investors in the Netherlands: the body representing institutional investors in property in the Netherlands. See also www.ivbn.nl.

Legal structure and restructuring during the year

Vesteda changed its legal structure during the year. By setting up a parallel fund and structure with a different source of loan capital financing, Vesteda has better safeguarded the credit ratios for its bonds and created greater flexibility for attracting loan capital.

Three main structures

each structure has its own property and loan capital

The property under development and invested in and the loan capital drawn for this can be allocated to three main structures: property being let financed partly by bonds (structure I), property being let financed partly by mortgages (structure II) and property under development, held by Vesteda Project bv and financed partly by a revolving credit facility (structure III).

Most of the companies in Vesteda's legal structure can be allocated to one of these three structures. The three structures are shown in separate columns in the diagram on the inside front cover of this Annual Report.

Main structures of Vesteda Group

main structure	property	in company	financed by loan capital
Main structure I	Being let	Vesteda Woningen cv	Bonds
Main structure II	Being let	Vesteda Woningen II cv	Mortgages
Main structure III	Under development	Vesteda Project bv	Revolving credit

Shareholders and limited partners

two variants for participation

Investors are offered two different ways of participating in Vesteda: as 'limited partners' or as 'shareholders'. As limited partners, investors acquire a direct interest in the two property partnerships; as shareholders they acquire a shareholding in a fiscal investment institution, which then acts as a limited partner in the two property partnerships. The two ways of participating make it possible for an institutional investor, depending on its type, to make a tax-efficient investment in Vesteda. All investors own shares in the structures (and thus in Vesteda Groep bv, Vesteda Groep II bv, Vesteda Project bv, Vesteda Woningen cv and Vesteda Woningen II cv) in proportion to their invested capital.

Vesteda Groep bv

responsible for the management of Vesteda

Vesteda Groep bv, which is responsible for managing Vesteda, holds a central position in Vesteda Group. All investors participate directly in Vesteda Groep bv, where control is consolidated. Vesteda Groep bv has a three-member Managing Board and a Supervisory Board. All the staff, except for those of Vesteda Project bv, are employed by Vesteda Groep bv. Vesteda Groep bv is the managing partner of Vesteda Woningen cv.

Vesteda Groep II bv

new company acts as managing partner in parallel structure

Vesteda Groep II bv was incorporated during the year. This company acts as the managing partner of Vesteda Woningen II cv. All investors participate directly in Vesteda Groep II bv. Vesteda Groep II bv has no employees. Vesteda Woningen II cv's management expenses are recharged from Vesteda Groep bv to Vesteda Groep II bv.

Vesteda Project bv

project development activities

Vesteda Project bv carries out Vesteda Group's project development activities. Fiscal investment institutions are not permitted to perform these activities under Section 28 of the Corporation Tax Act 1969. Vesteda Groep bv is the director of Vesteda Project bv.

Fiscal investment institution

fiscal group for corporation tax

Part of Vesteda Group is a fiscal group which includes Holding DRF bv (Dutch Residential Fund) and its four subsidiaries, DRF I bv, DRF II bv, DRF III bv and DRF IV bv, which has been regarded as a fiscal investment institution pursuant to Section 28 of the Corporation Tax Act 1969 since 1 January 2002. Such institutions are subject to a zero rate of corporation tax. The Managing Boards of Holding DRF bv and Vesteda Groep bv comprise the same individuals, responsible for the same tasks.

Vesteda Woningen cvs

not independent corporation tax payers

The let property and associated rights and obligations are held by two partnerships: Vesteda Woningen cv (also referred to as Vesteda Woningen I) and Vesteda Woningen II cv. These partnerships are not independently liable for corporation tax.

sleeping partner, managing partner and custodian

Vesteda Groep bv is managing partner of Vesteda Woningen cv. DRF I bv, DRF II bv and DRF III bv are the custodians and entitled to manage the assets of Vesteda Woningen cv for the investors. Consequently, in their capacity as custodians, they are legally entitled to all assets belonging to Vesteda Woningen cv. The investors, also known as sleeping partners, are Holding DRF bv, DRF IV bv and the investors in Vesteda Group. They have beneficial entitlement to the assets of Vesteda Woningen cv.

A similar structure applies to Vesteda Woningen II cv, whose managing partner is Vesteda Groep II bv. DRF V bv is the custodian and entitled to manage the assets of Vesteda Woningen II cv. The investors are also Holding DRF bv, DRF IV bv and the investors in Vesteda Group.

In addition, the following companies are related to Vesteda but are not part of the Vesteda Group as presented in the annual report and financial statements.

Vesteda Residential Funding II bv

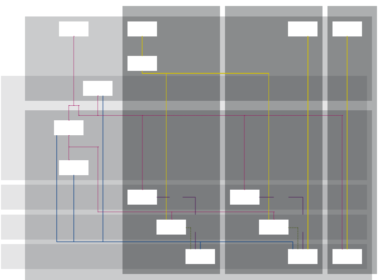
issue of bonds

Vesteda Group has borrowed funds on the capital market by issuing bonds.[1] Vesteda Residential Funding II bv was incorporated for this purpose.

Vesteda Loan bv

new company to be bond holder with a bank loan

Vesteda Loan bv (not shown in the diagram) was incorporated during the year with the object of acting as bond holder for the A7 bond series in April 2010, upon the planned refinancing. Vesteda Loan bv will, therefore, act as a *single purpose vehicle*. The funds that Vesteda Loan bv lends as bond holder will be drawn as a bank loan.



Vesteda Group legal structure
The diagram of Vesteda Group's legal structure is shown on the inside front cover of this Annual Report

1 See page 32 for a list of investors
2 See page 34 for more information on the bonds

Equity

Vesteda is a residential investment fund that is not listed on the stock exchange. Vesteda's investors are institutions including pension funds, banks and insurance companies. At the 2009 year end, Vesteda had seventeen investors.

VESTEDA'S INVESTMENT PROFILE

Sector

property, residential properties

Vesteda is a property fund specialising in the residential property sector. It only invests in residential properties and other property in or related to residential projects.

Operating area

Netherlands

All Vesteda's investment properties are in the Netherlands.

Target group

institutional investors

Vesteda's strategy is focused primarily on institutional investors and the added value a residential property has for an institutional investment portfolio.

Management

'dedicated'

Vesteda has a 'dedicated' management organisation which is not fee-based.

Distribution policy

Vesteda has to make an annual distribution to investors as set by tax law and guided by Vesteda's objective.

minimum statutory distribution for FII

As a minimum, the statutory requirements for distributions by a fiscal investment institution have to be met. The distribution for the financial year 2009 must be €70 million, payable in cash within eight months of the financial year end.

Vesteda's distribution target is at least the realised result including profit on sale

Vesteda's target is to distribute at least the realised result, including profits on disposals. Vesteda's distribution is determined on the one hand by its need for cash and opportunities for growing its activities and on the other hand by the dividend expectations of its investors. Factors such as credit ratios influence the financing arranged by Vesteda since meeting those ratios has a direct impact on funding costs and, therefore, on profitability. Vesteda seeks to make distributions that are to some extent predictable. A distribution of €109 million for the financial year 2009 will be proposed to the General Meeting of investors ► page 135.

Inrev classification

'core fund'

Inrev[1] is currently compiling an unlisted style sheet: a summary of the key features of unlisted property funds relating to yield and risk. The table below shows the unlisted style sheet and Vesteda's fund characteristics. Vesteda is a residential property investment fund with its own asset management, project development and property management activities. According to the Inrev classification, Vesteda can be regarded as a 'core fund' from a risk perspective, with triple-A rated debt of no more than 45% (LTV).

1 European Association for Investors in Non-Listed Real Estate Vehicles. This organisation plays a role promoting transparency in the growing market for unlisted property investment vehicles in Europe ► www.inrev.org

Inrev fund style sheet

A Fund risk factors	
- Fund activity:	residential real estate investment and development exclusively in the Netherlands in-house property management and development.
- Income/non-income producing:	(Letting portfolio >=80% of assets) income producing: >=90% of Letting portfolio non-income producing, reletting and refurbishing: <10% of Letting portfolio non-income producing development: Development portfolio <20% of assets
- Fees:	management costs: <40 bp of assets dedicated management (non-fee based)
- Vehicle characteristics:	leverage permitted: 45% LTV leverage targeted: 35% LTV
- Diversification:	core area (active/not active) housing market areas/municipalities (in core area) location type (town centre, edge of town, out of town) rent product type (single-unit/multiple-residential properties) service level (standard/serviced apartment)
- Key risks:	integrated portfolio management project development customer focus disposals funding strategic vision investor relations cash planning and forecasting triple-A status human Resource Management financial reporting

B Managers' declared fund style	
- Core, value added or opportunistic:	Core

C Resultant fund return	
- Return:	Targeted percentage of fund returns based on income: 4% Targeted percentage of fund returns based on non-income: >= inflation
- Benchmark:	Benchmark used: ROZ/IPD index, 'All Residentials'

SHARES AND PARTNERSHIP CONTRIBUTIONS

Investors

no changes during 2009

There were no changes in investors during the year. At year end, Vesteda had seventeen investors as listed below.

Investors in Vesteda

At year end 2009 (alphabetical order)

Bouwfonds Nationale Nederlanden NV[1]
Delta Lloyd Levensverzekering NV
Delta Lloyd Real Estate Management Company SARL
Delta Lloyd Vastgoed Participaties bv
Loyalis Leven NV
Loyalis Schade NV
Stichting Achmea Dutch Residential Fund
Stichting Bedrijfstakpensioenfonds voor de Media PNO
Stichting Pensioenfonds ABP[1]
Stichting Pensioenfonds Openbaar Vervoer
Stichting Pensioenfonds Schuitema
Stichting Pensioenfonds voor de Grafische Bedrijven
Stichting Pensioenfonds voor Fysiotherapeuten
Stichting Pensioenfonds Xerox
Stichting Pensioenfonds Zorg en Welzijn[1]
Stichting Spoorwegpensioenfonds
Stichting TKP Pensioen Real Estate Fonds

1 interest greater than 5%

Dates of General Meetings of Investors in 2009

Wednesday, 18 March 2009
Wednesday, 3 June 2009
Thursday, 24 September 2009
Wednesday, 18 November 2009
Thursday, 17 December 2009

Dates of General Meetings of Investors in 2010

Tuesday, 23 March 2010 (incl. Annual Report 2009)
Wednesday, 14 April 2010 (working conference)
Wednesday, 19 May 2010 (incl. decision on Vesteda 2012)
Tuesday, 14 December 2010 (incl. 2011 budget)

Number of issued partnership contributions

issue of partnership contributions and shares as a result of incorporating companies during 2009

As a result of the stock dividend in 2008, there are now 25,637,603 rather than 25,000,000 partnership contributions in Vesteda Woningen CV. As there has been no increase in share capital at Vesteda Project bv and Vesteda Groep bv, there were still 25,000,000 shares at year end 2009. 2,000,000 shares were issued during the year in connection with the incorporation of Vesteda Groep II bv. 18,000 shares were issued in connection with the incorporation of DRF V bv. 25,637,603 partnership contributions were issued in connection with the formation of Vesteda Woningen II CV.

INVESTOR RELATIONS

Aim

timely, complete and clear

Vesteda strives for an open dialogue with current and potential investors, analysts and the financial media with the aim of getting to know investors' ideas and raising the profile and attractiveness of the unlisted Vesteda Group shares and the Vesteda Residential Funding II bonds.

'Horizon Vesteda 2012-2020': a new phase

new phase of the residential property fund from 2012

An initial period of ten years was set for the fund when the second and subsequent investors joined in January 2002. This meant that options would be put forward after that period, including continuing in the same way, a stock market flotation or investors withdrawing. Consequently, the residential property fund will enter a new phase on 1 January 2012.

first outline of a new profile adopted

A start was made on the 'Horizon Vesteda 2012-2020' project in 2009, beginning with a discussion on the future of the business by identifying the existing investors' wishes on residential property investment. The results were discussed with the investors and the new profile for Vesteda was outlined.

details in 2010

Details will be added to the outline of Vesteda's new profile during the spring of 2010. In May 2010, the investors will make final decisions on the profile and the strategy from 2012.

More intensive investor relations

intensification of investor relations activities being prepared

To raise awareness and increase interest in the fund, investor relations activities will be intensified once the profile and strategy have been adopted. The requirement for any new share capital will be established and concrete acquisition activities will start as part of investor relations after identifying the share capital wanted by existing investors, the desired leverage and the strategy on portfolio inflows and outflows.

REPORTING AND INFORMATION PROVISION

IVBN transparency

Vesteda follows IVBN transparency recommendations

The IVBN has drawn up a large number of practical recommendations to enhance the transparency of annual reports. IVBN members, including Vesteda, have incorporated the recommendations in their annual reports. Vesteda had implemented more than 95% of the recommendations in the last Annual Report reviewed (for 2008). ► annex 3 on page 157

Inrev reporting guidelines

Vesteda follows Inrev recommendations

Where possible, Vesteda follows the Inrev reporting guidelines and had implemented more than 89% of the recommendations in the last Annual Report reviewed (for 2008). Only 43% of the financial statements examined by Inrev complied with more than three-quarters of the guidelines.

Vesteda website

log in via Investorweb

Investors have access to a restricted part of the Vesteda website where they are kept up to date through publication of quarterly and other reports. ► www.vesteda.com/investorweb

Loan capital

At over €1.7 billion, the loan capital represents about 37% of the total capital. The loan capital was raised by issuing bonds on terms commensurate with a triple-A rating and by mortgage financing. Vesteda Project bv has a credit facility of €140 million. Purchased derivatives substantially limit the interest rate risk. All credit ratios were met. Refinancing for the €400 million A2 bond series that matures in mid-2010 was secured during the year.

LOAN CAPITAL FINANCING STRATEGY

Low interest, maximum flexibility

combination of bonds and mortgage financing for the Investment portfolio and bank credit to be supplemented with project financing for the Development portfolio

In recent years, Vesteda has drawn loan capital from the CMBS market. This type of borrowing, using bonds, is relatively inexpensive, certainly given a triple-A credit rating. It is a global market and so relatively large volumes are available. During the year, the financing structure was expanded to include a mortgage, making Vesteda less dependent on the CMBS market. In times when values of residential properties are falling, dual funding offers better opportunities to realise returns and at the same time to mitigate the risks of breaching credit standards. Vesteda uses balance sheet financing in the form of a revolving credit facility for Vesteda Project bv, and this can be supplemented with project-specific financing in the future in the development phase as required.

Loan capital (long term)

in millions of euros, year end	entity	2009	2008	2007	2006	2005
Bonds	Vesteda Woningen cv	**1,600**	1,600	1,650	1,300	1,300
Mortgages	Vesteda Woningen II cv	**48**	–	–	–	–
Revolving credit facility	Vesteda Project bv	**110**	125	–	–	–
Total loan capital (long-term)		**1,758**	1,725	1,650	1,300	1,300

BONDS

Secured floating rate notes

triple-A rating

Vesteda Residential Funding II has issued bonds (secured floating rate notes) with a nominal value of €500,000 each. These notes are listed on the NYSE Euronext Amsterdam stock exchange. All bonds are based on 3-month Euribor, the eurozone interbank interest rate, plus an interest premium, or spread. The bonds have all been given a triple-A rating by Moody's, Standard & Poor's and Fitch Ratings.

Derivatives and interest rate risk policy

derivatives in the form of caps and swaps

Vesteda's interest rate risk on the floating 3-month Euribor is limited by derivatives.

final cap contacts expired during 2009, all bonds now protected by swap contracts

It was decided to allow the interest expense to fluctuate with Euribor in the years to 2005. The risk of a strong interest rate rise above 4.5% was hedged by caps. If Euribor rose above the interest rate ceiling of 4.5%, the caps acted like an insurance policy. By not fixing interest rates but letting them float, Vesteda benefited from low interest rates in the period 2002 to 2005. In view of expected interest rate rises, it was decided to abandon the volatility of Euribor in 2005. A hedge using forward-swap contracts was introduced at that time, in addition to hedging an interest rate rise by cap contracts, and so the interest expense was no longer dependent on the floating Euribor but fixed for the full term. The forward-swap contracts take effect as the cap-contracts expire. This happened for the A3b and A4 series on 20 April 2009. These were the final series under the cap contracts; since that date, all bonds have had active swap contracts so that there is no interest rate risk within the term of the financing.

Refinancing 2010

secured during 2009

During the year, Vesteda secured refinancing for the €400 million A2 bond series that matures in mid-2010 on the proviso that the triple-A credit rating which the bond loans have enjoyed continuously since they were issued will be maintained. Commitment of CMBS financing of €350 million was agreed under a facility agreement, with a maturity of four years and a spread of 1.63%. Vesteda expects to place the loan in the first half of 2010 as the A7 bond series. The interest rate risk will be hedged by financial instruments before the placement date. Based on an interest rate swap (spot rate February 2010), an all-in interest cost including hedging for the A7 series of 4.4% can be achieved.

List of bonds

€1.6 billion at year end

No existing bonds were redeemed or new ones drawn during the year. The table below shows the bond series.

Bonds (Vesteda Woningen cv)

Bond series	(millions of euros)	drawn at y/e 2009	start date	maturity date	spread	Caps: Cap rate	Caps: start date	Caps: maturity date	Swaps: Swap rate	Swaps: start date	Swaps: maturity date
A2	400	400	20.07.05	20.07.10	0.15%				3.130%	20.04.07	20.07.10
A3a	100	100	20.07.05	20.07.12	0.20%				3.370%	20.04.07	20.07.12
A3b	300	300	20.07.05	20.07.12	0.20%	4.500%	20.07.05	20.04.09	2.830%	20.01.09	20.04.09
									3.645%	20.04.09	20.07.12
A4	300	300	20.07.05	20.07.15	0.28%	4.500%	20.07.05	20.04.09	2.830%	20.01.09	20.04.09
									3.895%	20.04.09	20.07.15
A5	350	350	20.04.07	20.07.12	0.13%				4.236%	20.07.07	20.07.12
A6	150	150	20.07.08	20.07.13	1.00%				4.840%	20.10.08	20.07.13
		1,600									

Financing ratios

compliance with ratios since introduction

The financing has to meet set quarterly ratios. The table below shows the year-end ratios compared with the requirement. The bonds have complied with the ratios since introduction.

Bonds financing requirements

year end ratio	requirement	reference date	period	**2009**	2008	2007	2006	2005
Loan to value ratio (LTV)[1]	≤ 0.45	quarter end	-	**0.36**	0.34	0.34	0.30	0.32
Debt Service Cover ratio (DSCR)[3]	≥ 1.80	quarter end	quarter	**2.53**	2.28	2.77	3.72	3.61
Debt Service Cover ratio (DSCR)[3]	≥ 1.80	quarter end	year	**2.51**	2.28	2.67	2.98	3.30
Cash flow ratio (CFR)[4]	≥ 1.50	quarter end	quarter	**2.07**	1.92	2.23	3.04	2.94
Cash flow ratio (CFR)[4]	≥ 1.50	quarter end	year	**2.21**	1.95	2.13	1.87	2.09

1 LTV: long-term debt divided by property investments
2 DSCR: net interest expense divided by EBITDA
3 CFR: freely distributable funds divided by net interest expense

Average financing expenses and maturity of bonds

financing expenses fall slightly to 4.1%

The net interest expense on the bonds including the interest spread fell slightly from 4.2% to 4.1%.

average remaining term of about 2.7 years

As there were no redemptions or new financing, the average remaining terms of the bonds has fallen by one year from about 3.7 years at the start of 2009 to about 2.7 years at year end.

MORTGAGE LOAN

€47.5 million mortgage

In December 2009, Vesteda entered into a €47.5 million mortgage in favour of Vesteda Woningen II CV. The loan has a term of five years and a spread of 2.10%. The interest rate is based on 3-month Euribor.

flexible portion of 30%, interest rate risk on the fixed portion hedged

The loan has a flexible portion of 30% of the initial sum borrowed. Under the terms of the financing, this part may be repaid early, for example, if residential properties are sold. The interest rate risk on the fixed portion, the first €33.3 million, or 70% of the initial sum borrowed, is hedged, half by cap contracts with an interest ceiling of 3.13% and half by an interest rate swap at a rate of 3.13%.

Mortgage (Vesteda Woningen II cv)

bond					financial instruments		
	original value (millions of euros)	drawn y/e 2009	start date	maturity date	spread	amount	Interest rate risk limited/hedged by
H1	47.5	47.5	11.12.09	1.12.14	2.10%	35%	Cap with interest ceiling of 3.125%
						35%	Swap at 3.125%

REVOLVING CREDIT FACILITY

€140 million revolving credit facility

In 2008, Vesteda Project bv concluded financing under a revolving credit facility. In addition to equity of €140 million, Vesteda Project bv now has access to credit of up to €140 million. Vesteda Project bv can draw these funds freely, depending on its liquidity requirements and provided it is within the agreed financing ratios. At year end 2009, €110 million had been drawn.

Revolving credit (Vesteda Project bv)

loan					financial instruments			
loan	original value (millions of euros)	drawn y/e 2009	start date	maturity date	spread	Swap rate	start date	maturity
RC1	140	110	16.04.08	30.04.10	0.80%	4.240%	03.11.08	30.04.10

Financing requirements for Vesteda Project bv revolving credit

at year end

ratio	standard	reference date	2009	2008
Pre-sale ratio[1]	≥ 0.60	quarter end	**0.77**	0.79
Loan to cost ratio[2]	≤ 0.50	quarter end	**0.46**	0.48
Capital ratio[3]	≤ 0.35	quarter end	**0.49**	0.46

1 Pre-sale ratio: the level of work in progress on all projects already sold but in the under construction phase compared with the total work in progress on the balance sheet
2 Loan to cost ratio: total loans drawn compared with the work in progress on the balance sheet
3 Capital ratio: equity compared with total assets

VALUE OF FINANCIAL INSTRUMENTS

increase or decrease in value of derivatives affects yield; negative revaluation in 2009

Cap and forward-swap contracts are recognised as financial instruments at fair value in the balance sheet. The increase or decrease in value of the derivatives during the year is part of the yield. At the start of 2009, Euribor was 2.9% and so the value of the financial instruments was €-52 million. On 31 December 2009, Euribor had fallen to 0.7% and the fair value of the cap and forward-swap contracts was €-87 million. Consequently the value of the derivatives had fallen by €35 million or 1.1 percentage points of equity.

Value of financial instruments

€ millions

To hedge interest rate risk on	at year end 2009	revaluation in 2009	at year end 2008
Vesteda Woningen cv	**–85**	–37	–48
Vesteda Woningen II cv	**–**	–	
Vesteda Project bv	**–2**	–2	–
Total	**–87**	–35	–52

EFFECT OF LOAN CAPITAL ON RESULT AND YIELD

manageable risk

The use of leverage has created higher volatility in results and yields at Vesteda, although this risk is manageable. This is a result of a broad spread in redemption dates, being able to use opportunities on both the money market and the capital market and the flexibility offered by Vesteda's specific structure. Furthermore, retaining the triple-A rating for the bonds may be regarded as confirmation of the solidity of the overall financing arrangements. The table below shows the average composition of the yield for the past eight years in which Vesteda has used loan capital.

average 1.3% leverage effect for the period 2002 to 2009

The total result without leverage for 2002 to 2009 was 6.9% per year on average. The leverage contributed an average 1.3% to the yield and can be broken down into leverage on the realised and unrealised results. The leverage effect meant limited fluctuations in the realised result but on balance it was positive, at an average of 0.5% per year. The leverage effect on the unrealised result was wider but also on balance positive, at an average of 0.8% per year.

loan capital contributes an average 0.9%

The total result on equity was 8.1% on average for the period. Given the effect of the derivatives, the total effect of the loan capital on the yield was an average of 0.9%. This is the equivalent of an annual contribution of €22 million to the yield on average for the period 2002 to 2009.

Effect of loan capital on yield

Percentage of equity	2009	2008	2007	2006	2005	2004	2003	2002	ave
Total result without leverage	**–4.0**	1.1	8.1	11.3	10.5	9.2	9.2	9.5	6.9
Effect leverage on total result (a)	**–4.0**	–1.5	1.7	3.4	3.1	2.5	2.5	2.4	1.3
Of which effect on realised result	**–0.1**	–0.4	0.1	0.5	1.0	1.0	1.0	0.9	0.5
Of which effect on unrealised result	**–3.9**	–1.1	1.6	2.9	2.1	1.5	1.5	1.5	0.8
Total result after leverage	**–8.0**	–0.4	9.8	14.7	13.6	11.7	11.7	11.9	8.1
Revaluation of derivatives (b)	**–1.1**	–2.7	0.6	0.3	–	–	–	–	–0.4
Total yield on equity	**–9.1**	–3.1	10.4	15.0	13.6	11.7	11.7	11.9	7.8
Effect loan capital on yield (a+b)	**–5.1**	–4.2	2.3	3.7	3.1	2.5	2.5	2.4	0.9

TARGETS

Gross and net revenue per property

Gross and net revenue per property should increase.

Letting and management expenses

Despite expectations of above-inflation increases in expenses and the fall in the portfolio value in 2009, Vesteda has set itself a target of keeping management expenses below 40 basis points. The letting expenses should be below 28% of gross rental income.

Benchmark ROZ/IPD

Vesteda wants to at least equal the average yield on Dutch property investments in residential properties as expressed in the ROZ/IPD 'All Residentials' index. As in 2009, Vesteda is expecting out-performance.

Inflow of projects

Vesteda Project bv has set targets for the investment level and completions, limiting the investment level to the disposal volume, so that the outflow finances the inflow. This is expected to be achieved in 2010.

Occupancy rate

As a result of the number of handovers in new complexes in 2009 and 2010, the occupancy rate will marginally decline further. Vesteda has a target of reaching at least 95.0%, measured over the entire Letting portfolio, and at least 96.0% measured on the portion let for more than a year.

Annual rent rise for sitting tenants

The annual rent rise for sitting tenants on 1 July is limited in the regulated (Rent Act) segment of the portfolio by restrictions on rent rises set by rent policy and in the deregulated segment by maximum rises agreed with tenants in their leases. For 2010 this means a maximum increase of 1.2% (the inflation rate in 2009) in the regulated segment. The leases on deregulated residential properties permit Vesteda to raise the rent by 2% above the annual inflation rate at the end of March 2010 and to adjust it once every five years to the market level. The annual inflation rate at the end of March 2010 is expected to be 1.2%, and so the maximum rent rise in the deregulated segment could be 3.2%. Market rent potential in the deregulated part of the portfolio has fallen, however, and so Vesteda is less likely than in the past to be able to make an above-inflation rise. Vesteda has a target of achieving a rent rise of approx 1.5% to 2.0% on average over the total portfolio.

Customer satisfaction

Average customer satisfaction in the Letting portfolio must be at least 7.0.

Disposals

Vesteda has a sales target of €150-220 million in 2010. In view of the rate of turnover in the housing market and the wish to maximise profits, this is a very stiff task. With an expected inflow of some 500 residential properties, there will be a modest net decrease in the number of residential properties in the Letting portfolio. Vesteda expects a sales volume of approximately €200 million with a book profit of some €20 million.

OUTLOOK

Based on achieving these targets, Vesteda offers the following outlook for 2010:

Realised result

The realised result for 2010, measured before the leverage effect of the loan capital, is expected to be approximately 3¾% to 4%. As a result of the leverage, the realised result is expected to be approx 3½% to 4%.

Unrealised result

Expectations for 2010 are moderately negative. Vesteda expects an average revaluation of the Letting portfolio in the range from -5% to 0%. Vesteda is not forecasting its unrealised result partly because of the difficulty in forecasting trends in the private housing market and professional individual sales market and their effects on the value of Vesteda's portfolio and the effect of leverage.

Distribution level

Investors can expect a distribution of some 3½%.

Performance indicator:	actual 2009	target 2010	expected 2010
Investment			
gross revenue per property	increase of 3.0%	increase	limited increase
letting expenses	26.4%	under 27.5%	about 27.5%
management expenses	38 basis points	under 40 basis points	under 40 basis points*
net rental income	3.8%	4% or higher	about 4%
net revenue per property	increase of 3.9%	limited increase	limited increase
ROZ/IPD 'All Residentials'	0.2 above benchmark	above benchmark	above benchmark
Development			
investment level incl. VAT	€233 million	up to disposal volume	about €200 million
hand-overs to Vesteda Group	731 homes	-	approx.500 homes
Management/letting			
occupancy rate:			
Letting portfolio	95.3%	95% or higher	about 95.0%
of which let for more than 1 year	96.4%	96% or higher	about 96.0%
rent rise (nominal)	2.8%	2.0% or higher	about 2%
customer satisfaction	7.0	7.0 or higher	7.0
Sales			
disposal volume	€173 million	€150–200 million	about €200 million
Value creation			
of equity			
realised result	3.4%	4%	between 3½% and 4%**
unrealised result	–11.4%	at least inflation	***
total result	–8.0%	at least 4% plus inflation	***
revaluation of derivatives	–1.1%	-	-
total yield	–9.1%	at least 4% plus inflation	***
Distribution			
Distribution to investors	3.3%****	approx. 3½%*****	about 3½%

* as a result of fall in value of portfolio in 2009

** after leverage, based on a realised result of approximately 3¾%-4% before leverage effect of the loan capital

*** Vesteda is not forecasting its unrealised result partly because of the difficulty in forecasting trends in the private housing market and professional individual sales market and their effects on the value of Vesteda's portfolio and the effect of leverage.

**** proposed, including 2.5% payable in 2010

***** based on a dividend of €101 million

Report of the Supervisory Board

Poort Waerachtig, Maastricht | 25 luxury rental apartments in a former 1930s office block

Presentation of Annual Report and Financial Statements

To the General Meeting of Investors of Vesteda Groep bv

We hereby present the 2009 financial statements, incorporating the proposed dividend distribution, as drawn up by the Managing Board and discussed by the Supervisory Board, for adoption by the General Meeting. Pursuant to the Articles of Association, adoption of the financial statements will serve to ratify the actions of the Managing Board in respect of its management and those of the Supervisory Board in respect of its supervision in the past year.

unqualified auditors' reports

The financial statements of Vesteda Groep bv have been audited by Ernst & Young Accountants who issued an unqualified report which is included in the financial statements in 'Other information' on page 136 and 137. The balance sheets and income statements of Vesteda Woningen cv, Vesteda Woningen II cv and Vesteda Project bv are presented on pages 140 to 145. On page 146, Ernst and Young Accountants confirm that this information was properly derived from the underlying financial statements. Unqualified audit reports have been issued on the underlying financial statements.

more intensive consultation

Prompted in part by global economic developments during the year and their effects on the pension and property sectors, the Supervisory Board and Managing Board held more intensive and frequent discussions, while the Managing Board continued to have responsibility for the company's operations. The Supervisory Board and the Managing Board met on eleven occasions during the year. The Supervisory Board held one meeting, when the Managing Board was not present, to evaluate its own operation and two meetings to evaluate the current Managing Board, their remuneration, the profile of the future Managing Board, the procedure for recruiting new members of the Managing Board and the desired composition of the Supervisory Board. The chairman of the Supervisory Board participated in consultations with the Works Council. In addition to its normal attendance at meeting of investors, the Supervisory Board also took part in the working conference with investors in November.

main subjects of supervision: control and strategy after 2012

During the year, more explicit attention was given to control of the business; in this light, consideration was given to reducing the pipeline of projects under development, redemptions and refinancing, risk management, corporate governance, remuneration, reporting and transparency. The treatment of the company's strategy in the period after 2012 was discussed extensively and was one reason for the more intensive consultations. The principal subjects discussed in 2009 are set out below.

The Board

Jan Doets' resignation

Having held office for two four-year terms, Jan Doets resigned as a member of the Supervisory Board on 1 January 2010. Vesteda's investors, Supervisory Board and Managing Board thank him for his contribution and his active and expert involvement in the business.

extension of the periods of office of Pieter van den Berg as a member and Frans Corpeleijn as chairman of the Supervisory Board

During the year, the meeting of investors agreed to a proposal submitted by the Managing Board and Supervisory Board to extend the period of office of certain supervisory directors. Mr Van den Berg's period of office is being extended to March 2011 and that of the chairman, Mr Corpeleijn, by two years, to 31 December 2011.

Charlotte Insinger joins the Supervisory Board

While deciding on the extensions to the terms of office, it was agreed that a successor to Mr Doets would be sought in the autumn of 2009. Ms Insinger was selected and her appointment was approved by the meeting of investors on 17 December 2009. Ms Insinger joined the Supervisory Board on 1 January 2010.

'In control' statement

full 'in control' statement from 2010

The Managing Board has issued an annual 'in control' statement on the financial reporting risks since the financial year 2007. The Managing Board's intention to issue a full 'in control' statement on the year 2010 was discussed during 2009. The Supervisory Board is pleased that that such progress had been made in the course of the year that the Managing Board expressed an expectation in December that a full 'in control' statement could be issued on the financial year 2010.

Strategy

task forces' proposals discussed

The change in market conditions first observed in the fourth quarter of 2008 prompted the Managing Board to accelerate certain strategic decisions. To this end, task forces including various members of the Managing Board, managers and employees were set up for the following important areas: expansion and changes in investors and investor relations, financing and funding, acquisitions and pipeline screening, disposal process optimisation and portfolio analysis, in particular in the higher-rent sector, the serviced apartments product group, completions and initial letting and the residential care product group. The findings and proposals of the task forces were discussed by the Managing Board and the Supervisory Board during the first quarter of 2009.

2008-2011 business plan adopted

In the two-year business plan cycle, the 2008-2011 Business Plan was adopted in 2008. The long-term vision it sets remains in line with Vesteda's existing profile as a 'core' investment fund that offers investors access to the Dutch housing market with a limited risk profile. The short-term targets of extra maximisation of rental income, cost savings and profits on sales remain fully in place, but were addressed more aggressively during the year. There will be stronger management of letting results; targets have been raised and cost savings addressed throughout Vesteda with an overall target of a 10% reduction. In addition to the higher rental targets, there are also higher targets for sales from both the letting and Development portfolios. A distinction has been drawn in the Development portfolio between the 'firm' and 'soft' pipelines. The 'firm' pipeline covers obligations already in place, comprising mainly work in progress. The 'soft' pipeline looks to opportunities for future acquisitions. It was agreed in consultation with the supervisory directors and investors that from 2009, there would be no large new acquisitions for the time being.

Vesteda horizon 2012-2020

When the Vesteda property investment fund was set up, it was agreed that after ten years, in 2012, there would be consultation on the way in which the fund would enter into a new phase. Options include continuing in the same way, a stock market flotation or withdrawal by investors. The Supervisory Board and the Managing Board started consultations during the year on the conditions on which current and new investors could decide on continuation of the fund. Exploratory discussions on this were held during the meeting of investors in June 2009. The Managing Board then held two rounds of individual discussions with investors to clarify their wishes for the future with respect to investing in residential property. Investors made it clear that decisions had to be made in any event on governance and decision making, the fund's investment strategy and its profile with respect to new entrants and the new term. Exploratory talks were held with investors during an initial working conference and an initial decision-making meeting in December.

Initial agreement was reached in particular on subjects such as the fund's profile, governance and new term during this meeting. Further decisions on the fourth phase will be taken in May 2010 after a second working conference with investors.

Financial

2010 refinancing arranged well in advance

The Managing Board and Supervisory Board discussed the liquidity and funding requirements and refinancing in the next few years, for Vesteda as an investor and for Vesteda Project bv as a developer. This led to a proposal that was presented to the investors. The €400 million financing that expires in mid-2010 was renegotiated early in 2009. Vesteda thus secured the refinancing of the portfolio to mid-2012, on the proviso that the triple-A credit rating which the bond loans have enjoyed continuously since they were issued can be maintained.

mortgage financing of the new entity

During the year, Vesteda Project bv handed over a record number of projects to Vesteda group for letting. Partly in view of the conditions on the financial market, the credit ratios for the bonds and the desired increase in flexibility on financing, it was decided to fund this new inflow of projects into the investment portfolio by separate mortgage financing within a new entity, Vesteda Woningen II CV. Investors contributed the dividend paid for 2008 as its capital. Investors have the same entitlements in this entity as in the existing entity Vesteda Woningen CV. Vesteda Groep II bv was incorporated to be the managing partner. This changed neither Vesteda's activities as developer, investor and landlord/seller of residential properties nor the relative interests of investors. The Managing Board discussed the alternatives and proposed choice with respect to refinancing with the Supervisory Board during the year.

annual setting of required yield

The required yield for the year was set during the meeting in February 2009. There are different required yields by region and product type and depending in part on the desired target for expanding the portfolio.

2008 financial statements and annual report discussed

The 2008 financial statements and the annual report were discussed with the external auditors and adopted accordingly.

2010 budget adopted

The 2010 budget was discussed with the supervisory directors in November 2009. Features of this budget are additional sales and savings. The liquidity created by the additional sales will, after consultation with the investors, be used mainly to reduce the proportion of loan capital and/or dividend distributions.

Portfolio developments

valuations discussed constantly, almost the entire portfolio externally appraised

Although the Supervisory Board had foreseen some fall in the value of the portfolio, the size of the actual fall in the last quarter of 2008 was much worse than expected. The Supervisory Board and the Managing Board discussed the valuation each quarter during the year. The Supervisory Board regards itself as committed to valuations in line with the ROZ/IPD method. Appraisals were documented and processed in line with the ROZ/IPD rules. The Supervisory Board subscribes to the expectation expressed by the Managing Board of a revaluation of -5% to 0% before leverage. Where it was established that valuers could not provide adequate supporting evidence during the year, it was decided that the Managing Board would consult actively on the methodology used and the way in which market trends, such as the absence of a reference framework as a result of the standstill in the individual sales market, were incorporated in this. In addition, an external opinion was requested where an assessment of the company's own valuations proved necessary. The main points for attention were the valuation of the pipeline and work in progress. By raising the proportion of external appraisals, almost every property investment was appraised at least once during the year.

Other portfolio developments

investment proposals, purchases and transfers discussed/approved

The treatment and approval of investment proposals and purchases from Vesteda Project bv and transfers from Vesteda Project bv to Vesteda Groep bv were discussed, to the extent that they were not covered by the mandate of the Managing Board. Decisions falling within the mandate were subsequently reported by the Managing Board to the Supervisory Board.

Project development

reduction in acquisition pipeline

Several meetings were held with the Managing Board on the 'firm' and 'soft' pipelines of new developments. In view of the market conditions, it was necessary to analyse the pipeline thoroughly with the aim of investing only in the 'firm' pipeline: projects where there were firm commitments. It was decided to significantly reduce the 'soft' pipeline using the expected yield as the criterion.

discussion of projects under development

The Supervisory Board held intensive discussions with the Managing Board on several large projects under development. The discussions covered the bid strategy for the Almere Kust project and possible changes to the Leidse Rijn Centrum project. Progress on other large projects in the development and investment phases, including New Orleans in Rotterdam and New Amsterdam in Amsterdam, was also discussed.

Legal matters

complaint to European Commission addressed

On 10 June 2009, Vesteda submitted a complaint to the European Commission concerning the position and financing of Dutch housing associations. The IVBN had earlier submitted a similar complaint. Before submitting the complaint, the Supervisory Board and the Managing Board discussed the approach to be followed. Both complaints addressed the adverse effects for institutional investors in the Netherlands from the lack of a 'level playing field' in the housing market. The heart of the complaint is that, as a result of improper state aid, housing associations were able to compete unfairly with investors. Subsequently, the minister made further proposals on this subject, which in Vesteda's opinion were wholly inadequate to meet the objections to state aid. The Commission has said it had limited jurisdiction in respect of this complaint. Its decision was published in January 2010. A review of this decision by the European Court will offer clarity.

dissolution/amendment of project contracts

The Supervisory Board consulted the Managing Board on certain projects under development in relation to possible dissolution and/or amendment of the participation.

Organisation

reorientation of property management discussed

The second phase of the reorientation of property management already under way was discussed at a number of Supervisory Board meetings. It places a greater focus on savings, centralising activities and enhancing letting potential.

site meetings with management

In the past, the Supervisory Board had expressed the wish to receive information from other managers and a start was made on this during the year. As in previous years, some Supervisory Board meetings were held at projects under construction or being let. This allows the Managing Board and staff to make presentations on site.

Remuneration

variable remuneration restricted

In view of market conditions, the Managing Board decided to cut the variable remuneration for 2008 payable during the year by 25% for staff and proposed to set its own variable remuneration at nil. The Supervisory Board agreed to this. The targets for 2009 were set at the beginning of the year. The Managing Board's long-term incentive relating to the period 2005 to 2008 was paid in 2009. During 2009, the Managing Board decided to cut the variable remuneration for 2009 for staff by 50%. The variable remuneration of the Managing Board for 2009 will be limited to 7.5% of basic salary. This represents approximately one tenth of the maximum variable remuneration.

In conclusion, the Supervisory Board would like to express its appreciation for the efforts and commitment of the Managing Board and employees.

Maastricht, 24 February 2010

Supervisory Board Vesteda Groep bv
W.F.T. Corpeleijn, *chairman*
P.S. van den Berg
D.J. de Beus
C.A.M. de Boo
J.D. Doets *to 31 December 2009*
C.M. Insinger *from 1 January 2010*

Report of the Managing Board

Pursuant to part 9, Book 2 of the Netherlands Civil Code, the information presented in the first section 'Summary' for part of this section 'Report of the Managing Board'. This information is not repeated in this section for presentational reasons.

The property investment market

The number of transactions in the property investment market fell sharply in 2009: the crisis has made the financing of property portfolios more expensive and difficult. Housing is generally regarded as a safe investment as the residential investment market seems to have suffered less in the crisis than other property markets. Rental housing is still seen as a relatively safe investment in the current economic downturn.

The Dutch property market

transactions on the Dutch property market in 2009 were about half those of 2008 and a quarter of those of 2007

After the first signs emerged in early 2008, the full extent of the impact of the credit crisis on the property investment market in the Netherlands became very clear from the fourth quarter of 2008 and during 2009. The total transaction volume (new acquisitions and transfers) in commercial property by Dutch and foreign institutional and private investors was about €4.4 billion in 2009, some 55% below that of 2008. By comparison, volume in 1997 was €15.4 billion.

buyers are mainly private individuals

It was noticeable that private investors were responsible for some €2.5 billion of the total in 2009, a record. Reliable figures for residential investment activity are difficult to find, but a reasonable estimate is at least €750 million (source: VGM).

transactions smaller on average

As well as a fall in the number of transactions, it was also noticeable that their average size was smaller than in past years. Almost 40% of the volume consisted of transactions between €5 million and €25 million; in 2008 that had been 16%.

less interest in offices and commercial space, more in shops and residential property

The proportion of offices in the investment volume fell in 2009 as did demand for commercial space. Interest in retail space, especially in prime locations, and residential property increased. This was an understandable shift given the already high level of vacancies and the expected structural fall in demand for office space.

Housing market

interest in residential property explained by limited risk of vacancies and structural deficit

Interest in residential property as an investment came almost entirely from private buyers. This interest can be explained by the limited risk of vacancies and the knowledge that the housing market will have a structural deficit well into the future. That deficit is and will remain a solid foundation for the future trend in values.

house prices based more on letting results

Prices are expected to rise only slightly in the next few years, which explains why purchasers are basing their prices more on letting results than consolidating capital gains.

sales mainly by institutional investors

Institutional investors were often sellers on the housing market. Despite a difficult financing market, after some initial hesitation there was a relatively large amount of interest from private parties. The average size of transactions was markedly smaller than in previous years. A notable feature was the appearance of a large number of less well known, local players.

Prices

fall in value across all property sectors

Property lost value across all sectors, with the greatest falls in the office and distribution sectors. Gross initial yields for offices rose by 0.10 to 0.50 percentage points in 2009 depending on the region; for commercial space, the increase was 0.10 to 0.75. The retail market continued to do relatively well with an increase in initial yields of between 0.10 and 0.25. It was noticeable that the increase in the housing market was no more than about 0.35 and that there was a smaller spread between the regions, although the price difference between 'good' and 'less good' has grown for all categories.

listed property more volatile

The value of listed property was much more volatile. The EPRA Europe Index lost almost 49% of its value in 2008, mainly in the second half of the year. There was a recovery of slightly more than 36% in 2009. The performance of Dutch listed funds was -34.9% and 40.8%, respectively. This again showed that unlisted property has a strong mitigating effect on a portfolio.

Appraisals

fewer transactions mean less reference material for appraisals

As a result of the strong fall in the number of transactions, it was more difficult for valuers to find and interpret good reference material. This led to investors questioning appraisals and a renewed discussion on the provision of sound transaction data by investors. A database of adequate size and supplied with reliable information by owners would make a major contribution to the reliability of appraisals and the ROZ/IPD Benchmark used by many investors.

Confidence

limited recovery at the end of 2009

A quarterly survey by DTZ Zadelhoff into the confidence of investors and financiers showed that on balance confidence had risen slightly by the end of the year. While financing and yields had been seen as the greatest risks in 2008, the main concerns by the end of 2009 were the occupancy rate and rental value – factors that are directly related to the user markets.

Institutional investors

early 2009: falls in property values and share prices. Year-end 2009: clear recovery

By the end of the first quarter, the average cover ratio of Dutch pension funds reached historically low and disturbing levels of 85% to about 100%. Managing risks took top priority. Property funds financed in part by loan capital had difficulty with their ratios and could only make very limited calls on institutional investors to strengthen their balance sheets. Much property was, therefore, sold to strengthen balance sheets. The situation had clearly stabilised by year end 2009: cover ratios of 105% were not unusual and the first notifications of indexation of pensions have been sent to pensioners.

DUTCH POPULATION AND HOUSEHOLD TRENDS

Population and households

year end 2009: 16.6 million population, 7.4 million households

At the end of 2009, the population of the Netherlands was some 16.6 million, living in 7.4 million private households. The average household size was, therefore, 2.23 persons.

Household size

Proportions of 1-person, 2-person and families about equal

37% of all households consist of a single person. The remaining 63% consist of more than one person. The majority of these are families with resident children; these made up 34% of total households. The share of two-person households in the total population is 29%.

Dutch households by size
year end, thousands
source: ABF Research/Socrates, Statistics Netherlands, 2009

	2009	**%**	2008	%	1999	%
1-person	**2,712**	**37**	2,619	36	2,272	34
2-person	**2,164**	**29**	2,167	30	2,062	30
Families with children	**2,504**	**34**	2,526	34	2,467	36
Total	**7,380**	**100**	7,312	100	6,801	100

Proportion of 1-person households rose during the past decade

The proportion of one-person households rose by 10% in the period 1999 to 2010, to the 37% as shown above. The proportion of two-person households remained largely unchanged and that of families fell slightly.

Trend for the coming decades

increase in population in the coming decades

According to the regional population and household forecast 2009-2040 by Statistics Netherlands, the Netherlands is expected to have a population of 17.2 million by 2025, representing an increase of 657,000 in just fifteen years. The population trend from 2010 to 2040 by municipality is shown on page 52.

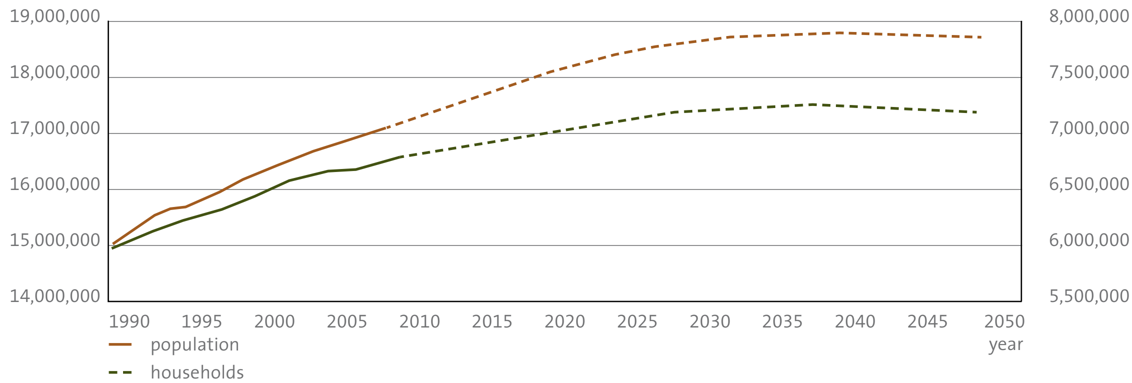
number of households to rise, mainly because of the ageing population

The number of households will rise faster than the population in the next few decades and so average household size will fall further. In 2025 there will be 8.1 million households; in 2009, there were 7.4 million. The increase is due almost entirely to one-person households. The proportion of one-person households will rise 18% from 2.7 million to 3.2 million. A key reason for the increased number of one-person households is the ageing population, and this also means that the average size of households will fall further.

population and household size peak around 2035-2040

Statistics Netherlands expects that the average household size will fall from 2.23 in 2009 to 2.11 in 2025. The forecast also shows that the 'peak' in population and households will be between 2035 and 2040, at 17.5 million and 8.3 million, respectively. The trend in households from 2010 to 2040 by municipality is shown on page 52.

Dutch population and household trends to 2009 and forecast 2010-2050
source: Statistics Netherlands, 2009



Ageing population

faster ageing population affects composition of housing stock

The ageing population will require more attention as a demographic process, not least in view of the cost of the welfare state since an ageing population will be associated with an increasing proportion of people not working. The ageing of the population will not only continue but actually accelerate, thus affecting the qualitative composition of the housing stock.

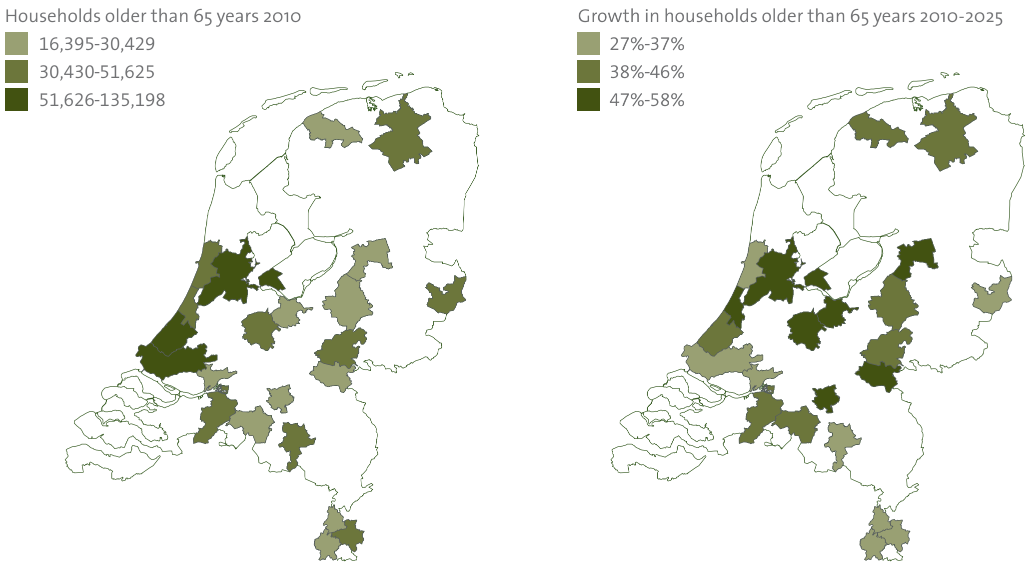
supply and demand mismatch

The market and the government will be challenged to match supply and demand for types of residential property and facilities and of residential needs, in line with the lifestyle of an older population.

future regional differences: ageing population particularly in and around the Randstad

The population will not be ageing at the same rate everywhere in the next fifteen years; there are clear regional differences in trends. There will be considerable growth in the proportion of households in the over-65 group in and around the Randstad conurbation. The increase in the proportion of over-75s will occur specifically in these regions. In addition, areas already facing population decline, Zuid-Limburg and Groningen/Friesland, are seeing a sharp increase in the ageing population.

growth in households with older people 2010-2025
source: ABF Socrates, 2009



CONCLUSIONS ON HOUSEHOLD TRENDS:

- The number of households will continue to rise in the coming years, and so demand for housing will continue to grow. The increase in housing needs will demand a substantial house-building programme to prevent the housing shortage worsening.
- The trend towards individualism is continuing unabated and so the number of small households will increase. Consequently, demand for smaller homes (up to 100 m² useable area) will rise.
- The age breakdown of the Dutch population will lead to an increase in the proportion of over-75s in the coming years. The number of older people (baby boomers and over 75s) is increasing and the group over 75 will grow strongly. The increasing demand for homes suitable for older people is leading to a quantitative mismatch in the housing stock. This target group has specific requirements with respect to housing, environment and service that are also leading to a qualitative mismatch. We are thinking of increasing demand for residential care concepts for older people.

CONTRACTION

Many municipalities in the Netherlands will face a fall in population over the next few years. This contraction has social implications and represents an issue for society generally. It affects the housing market, economy and quality of life in towns and villages.

Effects of contraction on the housing market

quantitative and qualitative mismatch offers opportunities

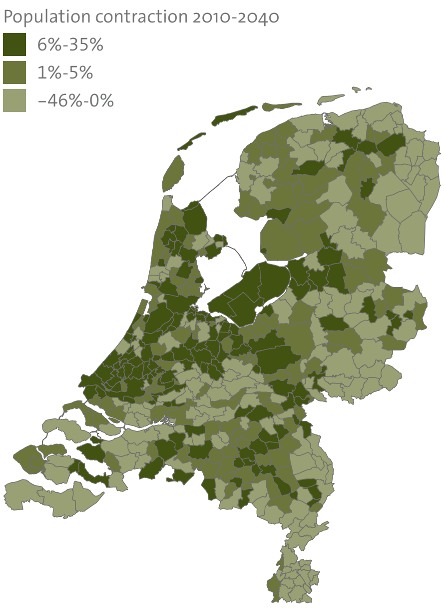
Where the number of households is falling, housing demand is falling despite the population breakdown and, therefore, demand is changing in municipalities with a falling population. There is a qualitative mismatch. The bottom end of the social housing stock will be worst affected by this mismatch. Lower demand will adversely affect prices; on the other hand, a shortage of suitable residential properties in this market segment could drive prices higher. Only a high-quality building programme can contribute to a properly functioning housing market and manage to optimise supply and demand. Vesteda's deregulated sector, therefore, has opportunities in relation to realising product/market combinations, but also faces threats concerning earning capacity and values, for example.

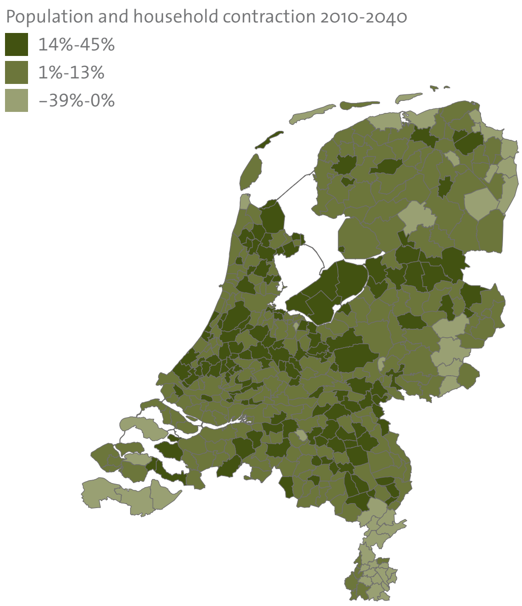
Regional differences

relationship between employment and housing market: interest in a specific region increases further

Younger and better qualified people are leaving for towns where they can get work. The working population is, therefore, falling and deteriorating further as a result of the ageing population. This does not improve the economic climate for businesses. As there is a relationship between employment and the housing market, weak economic development in large parts of the Netherlands will be reflected in the market. On the other hand, if the working population contracts in these areas, demand for workers could increase with a high quality residential climate as a draw.

Dutch population and household trends
source: Statistics Netherlands, 2009
Growing municipalities





Tackling contraction

regional policy

The contraction and growth trends will lead to an increasingly regional approach to house building. There will be a shift in house building in contracting areas from expansion to replacement, while an increase in the housing stock will remain a priority to meet increasing demand in growth areas. This differentiation is reflected in the long-term agreements that the Ministry of Housing, Communities and Integration has made with various regions. Comprehensive area developments can create quality space more in line with contemporary housing requirements and lead to an attractive environment.

CONCLUSIONS ON CONTRACTION

- Population and household trends have specific regional differences, including contracting regions. This, therefore, demands a regional approach to the housing market, with specific opportunities and threats for each region.
- Contracting regions are seeing the number of households fall, and this will enlarge the housing stock. The risk for market parties rises as a result. The housing portfolio in contracting areas, therefore, deserves particular attention.
- The extent to which contraction offers opportunities (including as a result of a qualitative mismatch) is still difficult to estimate and needs further research. For the time being, the threats will determine the short-term market view.

HOUSING STOCK

57% owner-occupied, 43% rental

The Dutch housing stock was 7.15 million units at the end of 2009, of which 43% were rented. Owner-occupied residential properties are a majority at 57%. Encouragement of owner occupation in past years has done its work: the proportion of owner-occupied residential properties rose further in the period 1999 to 2009 from 51% to 57%.

Dutch housing stock

year end, thousands, source: ABF Research/Socrates, Statistics Netherlands, 2009

	2009	**%**	2008	%	1999	%
Owner-occupied	**4,110**	**57**	4,064	57	3,387	51
Rental	**3,042**	**43**	3,041	43	3,202	49
Total	**7,152**	**100**	7,105	100	6,589	100

DYNAMISM IN THE HOUSING MARKET

New house building – consequences of the credit crisis

effect on completions slowly but surely becoming clear, new house building will fall sharply as a result of crisis

We have seen a fall in architects' project portfolios as a result of the crisis for some time – in the third quarter the value of design engagements was almost 50% down on a year earlier – and we are now seeing the generally predicted stagnation in new construction figures, which will become greater in 2010 and the years thereafter. The crisis originally had little effect on numbers as residential properties handed over were already under construction. It is now clear that house building will lag behind: 3% fewer residential properties were handed over during the first three quarters of 2009 than in the previous year, while the number of building permits fell by no less than 32%.

2010 forecast: fall to 53,000 new residential properties

New house building - measured as new homes handed over - held up surprisingly well in 2009 with a total of 83,000 new residential properties being completed.[2] Particularly as a result of subsidies and a reduction in new activities, the sector focused very much on existing building work. The outlook, however, indicates a sharp fall: 53,000 residential properties are expected to be handed over in 2010 and only 43,000 in 2011[3]. The most recent TNO[4] forecast, commissioned by VROM, assumes (high-level scenario) 62,000 new residential properties in 2010 and 69,000 in 2011. This can be attributed to a combination of factors, on both the developers' and buyers' sides.

Expected housing shortage; pressure on the market

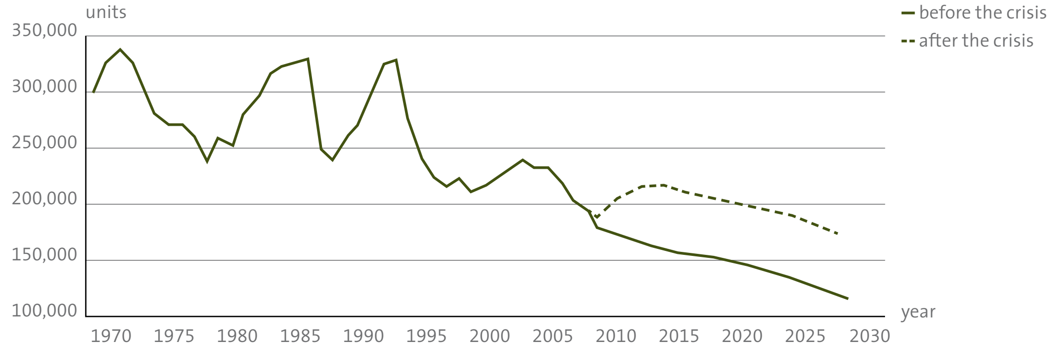
50,000 backlog as a result of crisis

The flow of credit to companies and private individuals has fallen as a result of the crisis, leading to a drop in demand, in particular in the owner-occupied sector, and the advance sales required by developers for new projects are not being achieved and so the start of building work is being postponed. For the operation of the market, the lack of sufficient new building will lead to a rising housing shortage, meaning higher pressure on the market in the next few years.

1 EIB (Economisch Instituut voor de Bouwnijverheid): House building and employment expectations 2010 (January 2010)
2 CPB (Netherlands Bureau for Economic Policy Analysis), March 2010
3 NVB, March 2010
4 TNO (Dutch organisation for Applied Scientific Research): Building forecast 2009-2014 (December 2009)

Expected housing shortage

source: Statistics Netherlands, 2009, Vesteda's calculations



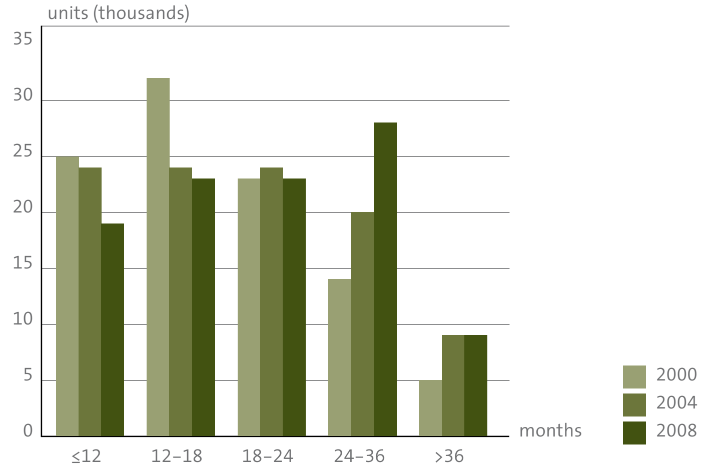
Completion times lengthening

most residential properties have two to three year completion times

The period between obtaining a building permit to completion of a property is lengthening. Completion times in 2000 were one to one-and-a-half years, but had grown to two to three years by 2008. This is partly explained by the increasing size and complexity of projects but, even so, average completion times have grown markedly in recent years. All projects of ten or more residential properties have longer completion times than in past years; the increase is by far the greatest for large projects of more than 200 properties. The result is that the stock of uncompleted residential properties is increasing.

Completion time for residential properties handed over

source: Statistics Netherlands, 2009



Long-term agreement on house building

agreement to build over 500,000 residential properties by 2019

The Minister of Housing, Communities and Integration and twenty urban regions agreed the construction of over 500,000 homes in the period 2010 to 2019. During the administrative negotiations on the long-term infrastructure, space and transport programme (BO MIRT), the urbanisation details for these housing regions were specified. Arrangements for a number of regions still have to be formalised. As house building is only expected to recover slowly, the target of building over 500,000 residential properties will be under pressure.

mainly in the Randstad

Logically, the concentration is in the Randstad, where over 300,000 residential properties are to be built by 2019; of these, over 100,000 are replacements for demolished homes. The situation in Limburg is completely different: the stock in the contracting Parkstad region (around Heerlen) will fall as a result of market trends as more residential properties are being demolished than replaced with new homes.

Ministry of Housing, Communities and Integration asks for support of pension funds for projects

Pension funds such as ABP and Zorg en Welzijn are holding regular discussions with the government (the Ministry of Housing, Communities and Integration) on investing in property projects, thus taking over the financial obligations of the government, which, considering the expected expenditure cuts to combat the crisis, has insufficient resources to boost the property sector. Both funds are willing and have the money to invest in expensive rental homes, provided the government does something about artificially low rents and if an acceptable yield is generated.

Growth in urban areas

further urbanisation expected

Almost 60% of building in recent years was in urban environments and a significant proportion was in districts around town centres, which are often due for redevelopment. The government's aim of building more in urban and town-centre areas, is not apparent from by the table. More to the point, the proportion of building in rural areas has increased by almost half since the start of the century.

house building by type of area, 20002007

source: ABF Research; Statistics Netherlands; 2009

	2000	2001	2002	2003	2004	2005	2006	2007
Town-centre	8%	8%	7%	7%	7%	7%	6%	7%
Outside the centre	29%	32%	33%	31%	29%	29%	30%	30%
Suburban	25%	25%	22%	21%	20%	21%	20%	19%
Village centre	31%	28%	28%	31%	31%	28%	32%	31%
Rural	7%	8%	10%	10%	13%	15%	12%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%

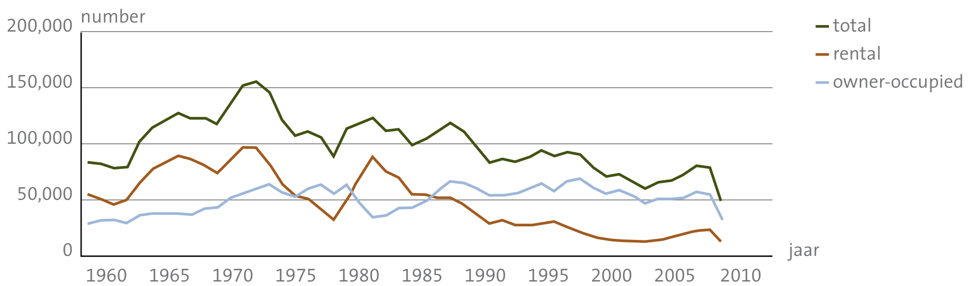
Proportions of owner-occupied and rented

fall in proportion of rental homes in recent decades, growth again in recent years

The encouragement of owner-occupation by the government has led to more owner-occupied than rental homes being built, at between 45,000 and 65,000 each year since 1987, but we see rental home building steadily declining since 1982 when 89,000 rental homes were handed over; the lowest figure (up to now) was 12,600 units in 2002. Since then, rental home building has increased; in 2008 about 24,000 rental homes were added to the stock; the figure for 2009 (to October) was 14,750. Despite housing associations facing liquidity problems and re-evaluating their stock policy, we expect rental homes to increase as a proportion of new building. As a result of the completion time on projects, new construction of owner-occupied homes will face the effects of the crisis in 2010. We have seen that the proportion of building permits for rental homes rose to 36% in the first three quarters of 2009.

Completions of residential properties by type of ownership

source: Statistics Netherlands 2009



only 6,000 new residential properties built in the deregulated rental sector per year

In absolute terms, 5,000 residential properties were built in the private rental sector in the first three quarters of 2009; market share remains almost unchanged at 11%. If this continues, the number of completed private rental homes will be around 6,000.

CONCLUSIONS ON DYNAMISM IN THE HOUSING MARKET

- As a result of the crisis, the backlog in house building will be at least 50,000 residential properties.
- After the recovery in the housing market, house prices may rise more than average as a result of the increasing housing shortage but this will require household incomes to grow again in real terms. We do not expect this to happen before 2015.
- The recovery in the housing market and increased excess demand offer prospects for selling higher-rental homes.
- The construction and completion of owner-occupied residential properties will decline in the coming year. The construction of rental homes will remain a stable factor for the time being, even though building by housing associations will be affected by reduced liquidity. They will start fewer residential properties.
- The crisis has completely disrupted demand and supply in the higher-rent segment with the large-scale offering of unsold owner-occupied residential properties for rent. Consequently, rents are under pressure. This year we expect, from trends in the owner-occupied market, a stabilisation of supply in the higher-rent segment.

ROLE OF HOUSING ASSOCIATIONS

housing associations' position under pressure

The financial position of housing associations is under severe pressure because of an accumulation of government measures such as corporation tax, the Vogelaar levy for depressed areas and the inflation-based rent policy and the economic crisis.

lower cash flow reduces liquidity

The number of residential properties sold fell by 9% in 2008 to just 16,222 and it is expected that this number will fall further in 2009. The proceeds from the sale of rental homes are needed to release funds for investment in sustainable and energy-efficient new construction and modernisation projects. Now that this revolving fund principle has dried up, housing associations are almost entirely dependent on external financing, meaning that their capital requirement is increasing. Interest rate risks will increase because of shorter maturities and possible increasing interest rates. Housing associations have a little more breathing space as the Social Housing Guarantee Fund guarantee for new construction has been raised as a result of their higher building and raw material costs, but cash flow remains an acute problem.

costs of social factor increase

In addition, the inflation-based rent policy is leading to increasingly unprofitable peaks; in 2008, this was an average of €54,000 per home; an above-inflation increase in management expenses further restricted scope for investment. Meeting the required investment levels will put housing associations under increasing pressure in the next few years.

government on housing associations: less self-interest, more social interest

In mid-2009, the government submitted a policy paper to the Lower House of Parliament on its plans for the housing association sector, which will require an amendment of the Housing Act. The message is: less self-interest and more social interest. The main aims of this paper are ensuring a good balance between the social activities of housing associations and their commercial activities, better supervision by the supervisory directors and the creation of a new Housing Authority, deeper cooperation between housing associations and the municipalities in the area of operations, reduction of the primary target group of housing associations, stricter rules on mergers and special projects and the restriction of executive salaries and severance pay.

IVBN complaint: level playing field requires clear delineation of social and deregulated sectors

On behalf of investors, the IVBN responded to this paper and the views of Aedes and the Woonbond. It criticised the commercial sidelines of housing associations and the delineation of social rental and commercial residential properties. The IVBN also called for the creation of a substantial commercial rental market in which investors and commercial subsidiaries of housing associations operate on equal terms: a 'level playing field' for all parties in this market segment.

European complaint by Vesteda and IVBN

Vesteda's complaint: main demand: level playing field

The minister, Eberhard van der Laan, temporarily raised the guarantee on loans to housing associations to combat stagnation in the housing market. This further improved their position on the playing field compared with commercial market parties. Their competitive position is enhanced by cheaper finance and the low or no, return policy. This allows them to offer a better price/quality ratio for similar products than market parties. The absence of a level playing field will reduce the willingness of commercial market parties to invest in the rental housing market and market forces will be systematically disrupted. Reason enough for Vesteda to submit a complaint to the European Commission on unfair competition between commercial landlords and housing associations. The IVBN had previously submitted a similar complaint. The European Commission has done little with these complaints; both Vesteda and the IVBN will ask for a review by the European Court.

CONCLUSIONS ON ROLE OF HOUSING ASSOCIATIONS

- The level playing field for housing associations operating in the deregulated sector is still not properly regulated.
- The fall in the number of residential properties sold by housing associations has an adverse effect on the liquidity position and thus has consequences for new house building. Fewer social rental homes will be built.
- European approval of arrangements on state support to housing associations implies in any event an overlap with the area of institutional investors' operations. Competition in the lower layers of the higher-rent segment is, therefore, increasing.
- Given the increasing excess demand in this segment, this overlap in operating area also offers openings for cooperation with housing associations.

SUPPLY AND DEMAND IN THE HIGHER-RENT SECTOR[1]

economic conditions remain less favourable

The effects of the economic crisis on the housing market are so great that Vesteda expects it to be fundamentally disrupted for the next few years. The question is how the housing market will develop if incomes stagnate, consumer confidence falls, there is less preference for owner-occupation and/or the ability to finance an owner-occupied home declines. These trends in incomes, prices, housing expenditure and house building have been incorporated as far as possible in three scenarios that ABF Research,[2] commissioned by Vesteda, has calculated. The base scenario, the most probable scenario, which is also in line with the forecasts of the CPB at the beginning of 2009, assumes continuing poor economic conditions. In a clear break with the trend in recent decades, incomes remain more or less unchanged. Account is also taken of rising interest rates (or mark-ups) for mortgages, so that the owner-occupied sector is less attractive and the wish to purchase is 10% lower than measured in WoON 2006. The two other scenarios indicate the expected ranges for future trends. Vesteda is assuming the most probable scenario.

number of lower-income households rises sharply

There will only be limited growth in the group of households with an income over €29,000 per year. It is these lower-income households which increase sharply in the next few years in the base scenario. This implies that most demand for housing in the higher-rent segment will be at the lower end. A marked increase in higher-income households is expected according to the trend scenario based on stronger economic growth.

older people only want apartments that meet their quality standards

Consumer surveys show that some older people will opt for an apartment when they move. Practice shows that older people with a given quality of housing will only take an apartment on offer if it meets a number of quality standards. If the supply is not available they will either not move or, cautiously, choose a single-unit house.

1 Rents over €650 per month
2 ABF Research: Marktverkenning Vesteda (June 2009)

demand for 32,000 new homes in higher-rent sector up to 2020

The total extra demand for higher rent homes in the period 2010-2020 is relatively limited; mostly mid-range rental homes, single and multiple-unit homes can be built. 129,000 new more expensive houses and apartments could be built in the period 2010-2020, with 32,000 in the rental sector. This allows for the sale and demolition of residential properties in this price sector.

new high-rental construction, especially in urban areas and accent on smaller residential properties

Construction of these new higher-rental homes will have to be mainly in urban areas, with a focus on smaller units. Regionally, Noord and Zuid-Holland will see almost half of this new building. Relatively many higher-rental homes will be built in Utrecht and Noord-Brabant.

most demand in rental sector for apartments

Overall demand for housing will increase by 436,000 in the period 2010-2020, mainly in suburban areas. Owner-occupied homes are by far the most popular; the main demand in the rental sector is for apartments, although demand for this type of home is falling in areas outside town centres.

target group segmentation

Vesteda uses market and customer data to segment the population into six target groups: newcomers, single/divorced, two-person, families, baby boomers and over 75s. Each group has its own specific social and economic characteristics dictating location and housing preferences. These groups generally have an urban orientation, with the choice of location varying from town centre to edge of town and suburbs, depending on lifestyle.

Target group segmentation

source: Vesteda, 2009

Target group	Newcomers	Single and divorced	2-person	Families	baby-boomers	Over 75s
Share in portfolio	14%	13%	11%	23%	26%	12%
Age	< 30 years	35–50 years	30–55 years	> 25 year	55–75 years	> 75 years
Household	1 or 2 person	1-person	2-person	2-person with children	1 or 2 person	1 or 2 person
	No children		Starting family	1-parent	Empty nesters	(widowed)
Size 2010 NL	339,000	451,600	667,900	1,842,500	1,031,700	367,250
Position in housing market	First-time buyer in higher segment Flexibility from renting	Urgent because of divorce Immediate temporary housing	Upgraders	Focus on local facilities	Prefer rental housing: ease Experience with age Release capital in home	Strong focus on care facilities close to home.

demand for higher-rental twice as high as supply

How will the market affect the higher-rent segment, above the rent allowance limit, in the next few years? Demand for this type of residential property will be twice as high as supply in 2010. Excess demand in this price segment will increase from a factor of 2.14 in 2010 to 2.27 in 2015 according to the Socrates model[1] used by Vesteda. It should be noted that this modelling approach does not take into account changes in government measures on subsidies such as mortgage interest relief and, given the size of the price segment, the figures are mainly representative of rents to €1,000.

Supply and demand by housing type, higher-rent segment

Units, year end, source: ABF Research/Socrates (base scenario), 2009

	supply	demand	stock	2010 excess demand	2015 excess demand
Single-unit residential properties	8,900	18,500	94,200	2.08	2.22
Multiple residential properties	12,400	27,000	101,600	2.18	2.30
Total	21,300	45,500	195,800	2.14	2.27

The way the crisis will develop is uncertain and difficult to forecast. Precise forecasts cannot be given on demand trends. The figures should, therefore, be seen much more as a guide to the higher-rent housing market.

1 ABF Research: Marktverkenning Vesteda (June 2009)

CONCLUSIONS ON SUPPLY AND DEMAND HIGHER-RENTAL

- The increase in the number of households is leading to a quantitative expansion of housing demand.
- There is also a qualitative mismatch between supply and demand.
- The excess demand has clear regional differentiation, with the Randstad and Noord-Brabant seeing the highest pressure.
- Vesteda's target groups prefer urban environments; depending on lifestyle, this ranges from town centre to the suburbs.
- The worst of the crisis seems to have passed in the rental market; according to the ROZ Database of deregulated rental homes, the number of transactions in the higher-rent segment is rising again.

PRICE TRENDS IN THE DUTCH OWNER-OCCUPIED HOUSING MARKET

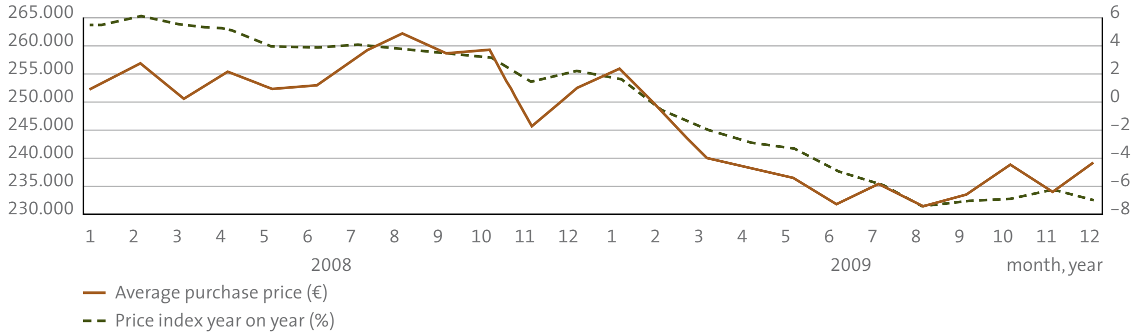
Price trends in the owner-occupied housing market

actual house prices fall 5.3%

The market for existing homes was still depressed at the end of 2009. Prices of owner-occupied residential properties sold in December were on average 5.3% lower than a year earlier. The sharp fall in the average price was not only because of falls in prices for owner-occupied residential properties, but also because of the mix, since relatively fewer expensive residential properties were sold. In December 2008, the average was €252,145, a year later it was €239,605.

Average price of existing residential properties

Source: Statistics Netherlands, 2009



fewer transactions, especially at the top end of the market. First-time buyers benefit.

Fewer transactions were registered. Compared with the previous year, the number of transactions in existing owner-occupied residential properties fell by 30%. The top end of the market was under particular pressure. At the lower end, supply is greater and homes are selling more quickly with first-time buyers benefiting from lower house prices.

Differences by housing type and region

price falls for all types of housing

The average price for all types of housing fell in 2009, with falls ranging from 4.3% to 7.2%.

price fell least for apartments

The average price fell least for apartments and terraced houses and most for detached houses.

falls in all provinces

Prices were lower than a year earlier in all provinces. The greatest falls were in Friesland and Noord-Brabant where owner-occupied residential properties were 6.0% cheaper. The price falls were smallest in Groningen, at 3.7%. If we look at the difference between the highest and lowest sales values in 2009, we see figures ranging from 5% in Drenthe to 17% in Overijssel.

Speed of sales

one in three residential properties for sale for more than a year

As a result of falling demand for residential properties, the time that a property is on the market rose sharply. One in three residential properties was for sale for longer than a year in 2009, partly because many consumers want to sell their current home before buying a new one. On average properties were on the market for 213 days in 2009.

Affordability

affordability of residential properties improves but will fall again after crisis

Price falls have made homes more affordable in 2009. Buyers had a bigger choice and residential properties which were originally unaffordable have become affordable. This improvement is, however, directly related to the current crisis and the fall in mortgage rates and is, therefore, temporary. This offers first-time buyers good opportunities to enter the market. We expect that, in due course, affordability will quickly decline after the crisis.

low consumer confidence leads to hesitation

The temporary rise in the National Mortgage Guarantee has had only a limited effect on the dynamism of the housing market. The government decided during the summer to raise the guarantee to €350,000 from the previous ceiling of €265,000. The measure was designed to encourage banks to lend to people to buy a house. Consumer surveys by the Rabobank Group showed, however, that Dutch housing consumers were more concerned about their income, possibly having to fund the old house as well and the price they would get for their current home. The uncertainty is leading to a more hesitant approach by consumers. In the short term, the Guarantee is affecting the market, but the question is whether this positive effect is structural and significant enough to make the housing market more dynamic again, given a fall in affordability.

Expectations of further price trends

price fall of 3% to 5% in 2010, stabilisation in 2011, recovery from 2011

The largest falls in prices and transactions on the owner-occupied market seem to have happened, although the 'recovery' must be seen as cautious. The Rabobank expects a further 1% fall in prices in 2010. Bouwfonds REIM is assuming steady prices in 2010. The ROZ/IPD expects prices to continue falling. ING forecasts that house prices will not recover to the pre-crisis level until about 2015; according to the bank, prices will bottom out in mid-2010. This is a more positive view compared with earlier expectations but price trends will remain negative for the time being. We expect a fall of 3% to 5% in 2010. The market will only stabilise in the course of 2011 after which there will be a recovery.

CONCLUSIONS ON PRICES IN THE OWNER OCCUPIED MARKET

- 2009 saw a fall of 5.3% in actual transaction prices for owner-occupied residential properties. At 6.0% the price fall was highest in Friesland and Noord-Brabant, and lowest in Groningen at 3.7%.
- We expect a price fall of 3% to 5% in 2010. Prices will stabilise in 2011 followed by an upward trend. We expect that prices will be back to the pre-crisis level in about 2015.

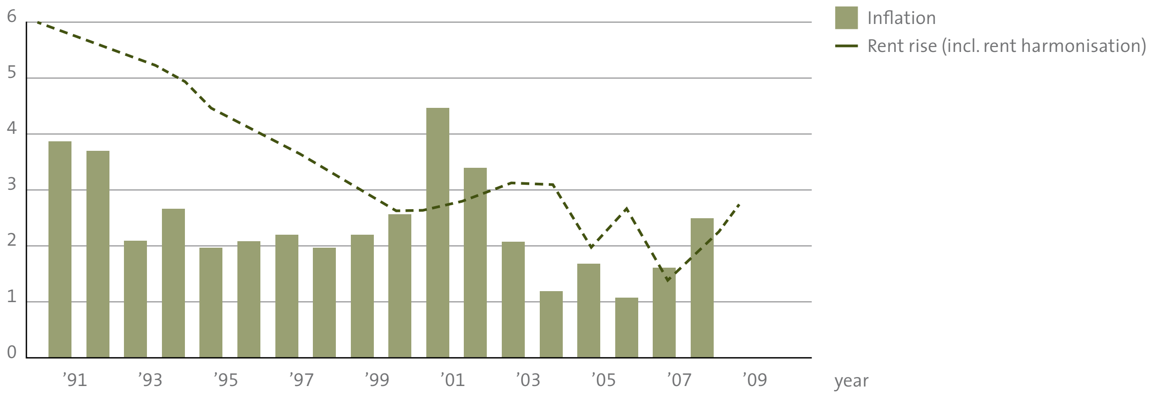
PRICES IN THE DUTCH RENTAL HOUSING MARKET

largest rent rise since 2004

Rents rose 2.8% on 1 July 2009. This is the highest rise since July 2004 and 0.4 percentage points of it came from rent harmonisation. The rise of 2.4%, adjusted for new tenancies, was, therefore, just below the maximum permitted for the regulated segment (residential properties of housing associations and licensed institutions up to the rent allowance limit) of 2.5%.

Rents and inflation

source: Statistics Netherlands, 2009

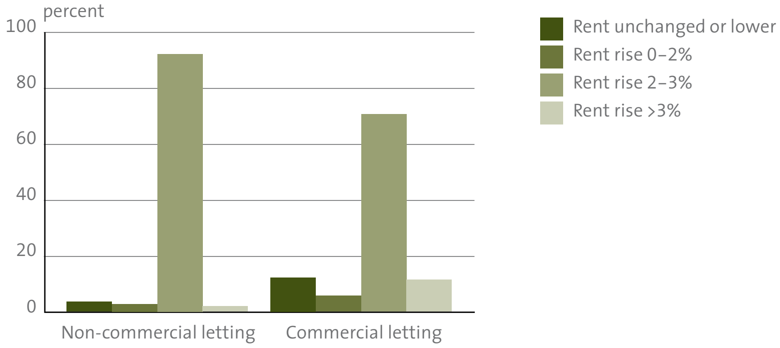


rent rise for non-commercial lets higher than for commercial lets

In July 2009 most rents rose 2% to 3%. Over 92% of lets by non-commercial landlords were increased 2% to 3%; 71% of lets by commercial landlords were in this category. The figure shows that non-commercial landlords raised rents more on average than commercial landlords.

Rents commercial and non-commercial letting

source: Statistics Netherlands, 2009



sharp fall in rents in private rental sector

The higher-rent segment is more affected by the state of the economy, as shown by the sharp falls in rents in the private rental sector, which covers furnished rental homes and unsold owner-occupied residential properties offered for rent. We see a fall in rents in the ROZ Databank of deregulated sector rental homes only in the price segment above €1,200.

CONCLUSIONS ON PRICES IN THE DUTCH RENTAL HOME MARKET

- The rent rise by commercial landlords was 2.3% last year.
- The average rent rise was in fact higher for non-commercial lets.
- Rents are under pressure as a result of the crisis and increased supply. In the short term, above-inflation rent rises seem only to be achievable to a limited extent and in specific market areas.

HOUSE PRICE TRENDS IN AN INTERNATIONAL PERSPECTIVE

international recovery in house prices from second half of 2009

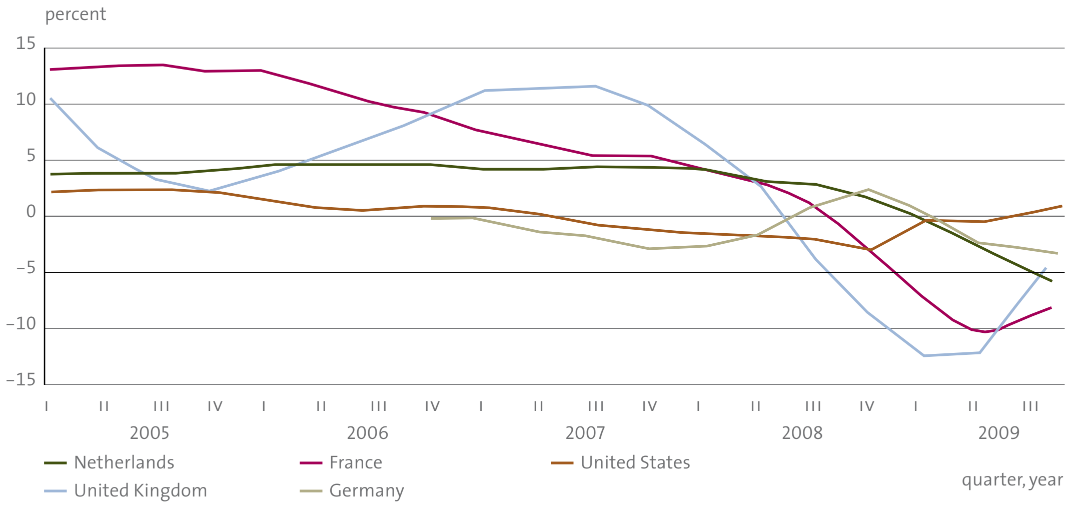
The consequences of the crisis also affected the housing market in Europe, with large differences between countries. Prices for owner-occupied residential properties fell in most countries from the second half of 2008, but there seems to have been a recovery in some countries since mid-2009.

IMF: no bubble in Dutch housing market

The IMF emphasised in its country report that Dutch house prices had fallen only slightly. Although the IMF highlighted a number of risk factors for the housing market, such as high mortgages on average compared with the value of the security, there does not seem to be a bubble in the Dutch housing market.

Prices of owner-occupied residential properties, international

source: Statistics Netherlands (NL), Hypoport (GE), INSEE (FR), Communities and Local Government (UK), FHFA (US), Vesteda, 2009



GOVERNMENT POLICY

Fall of the government

fall of the government: regrettable for vital improvements in the housing market

In the night of Friday, 19 February 2010, the fourth government led by Jan-Peter Balkenende fell and ministers from the CDA and ChristenUnie parties are continuing in a caretaker capacity. A general election will be held on 9 June 2010 and is likely to be followed by months of negotiations before a new government can be formed. Until that time, a number of subjects deemed 'controversial' will not be tackled. This is particularly regrettable for the vital improvements in the housing market.

policy changes urgently needed

The problems resulting from the crisis and structural imbalances in the housing market are so large and pressing that government decisions are urgently needed. Vesteda believes that it would be too easy to use the crisis as a pretext for postponing or abandoning necessary, far-reaching reforms. In its recent report entitled 'Step by step to reform of the housing market', the Council for Housing, Spatial Planning and the Environment presented clear recommendations for measures to be applied in several areas, as set out below.

Recommendations of the Council for Housing, Spatial Planning and the Environment

Step by step to reform of the housing market report, February 2010

- more flexible housing supply and changes to the programme of support for the owner-occupied sector, including reduction of property transfer tax and mortgage interest relief and changes to the notional rental value for owner-occupiers;
- changes demand support in the rental sector, including the introduction of a wealth-tracking rent policy, changes to the housing valuation system (so that investment in quality leads to a better rent), preparation of an ownership-neutral housing allowance and increasing the deregulated sector in slacker housing markets;
- work on sustainable urbanisation;
- preparing a fundamental review of financing for future new construction and redevelopment projects.

We set out the government policy as it was before the government fell.

The Crisis and Recovery Act

government measures to combat the crisis; boost for building industry

The Crisis and Recovery Act amends many laws, shortening government procedures, streamlining legislation, cutting the number of permits and creating more clarity on administrative responsibility. All European and international regulations remain in place. Although the legislation should have taken effect on 1 January 2010, the Upper House needed more time for its careful and thorough deliberation.

Almost all major government infrastructure and area development projects are covered by the Crisis and Recovery Act. This approach means that at least 58 investment projects are being accelerated and not held back by complex, drawn out and time-consuming decision making. 25 area development projects are also covered by the crisis legislation.

House building stimulus budget

€395 million boost for house building

One of the most significant measures for the housing market is the house building stimulus budget. The government has reserved €395 million for housing projects which threatened to come to a standstill as a result of the crisis. Municipalities could subscribe for this budget on two occasions in 2009: in July and September. There will be a third tranche in the spring of 2010. €100 million was reserved in the first round and €164 million was available for the second tranche. Both tranches were oversubscribed. A number of municipalities have now refunded subsidies for the construction of 2,000 residential properties in the first tranche as they could not start building work by 1 January 2010; this date was a fixed requirement. The subsidy is intended to limit the decline in house building and fall in employment as a result of the economic crisis. Owner-occupied residential properties and/or rental homes in the deregulated sector are eligible for a contribution of €10,000.

Comprehensive review of the housing market

housing market system reviewed

The government announced a 'comprehensive review of the housing market' in the 2009 Budget. A working group of civil servants and external experts was commissioned to analyse the housing market and develop policy alternatives for the future. Or as the policy paper puts it, 'the series of tax and other subsidies, taxation, regulations and institutions surrounding housing: building and rebuilding, buying and selling, renting, moving house. There is not just government money in the housing market but also significant social capital managed by the housing associations'. In fact there is talk of a complete revamp of the system. The working group is due to report in early April.

Action plan on population decline

Task force for contraction

The Contraction Top Team, consisting of Hans Dijkstal and Jan Mans, has been asked to analyse bottlenecks and opportunities involved with the decline in the population and households and to suggest solutions and to make recommendations.

Housing costs

lower purchasing power, higher housing costs

The measures to stimulate the economy have forced up government debt significantly and, therefore, represent a bill that will be presented in the future. It will be covered in due course by economy measures and/or higher taxes. This will undoubtedly lead to a limited or even downward trend in purchasing power, while housing costs (rent, energy, municipal taxes) will rise further. In other words, the purchasing power and disposable income of households will continue to be under pressure for the time being. Vesteda foresees that housing costs will take up an increasing proportion of the disposable household budget in the next few years as a result of rent rises, higher municipal taxes and an increase in energy prices.

Sustainability has taken a place in the building process not only because of social awareness, but also in the context of higher energy prices. Sustainability in energy generation and use, such as thermal storage and an energy-neutral home, offer consumers prospects for restricting energy and housing costs.

CONCLUSIONS ON GOVERNMENT POLICY

- The fall of the government leads to uncertainty and possible delays in addressing the housing market as vital action will not be undertaken.
- For the time being, government policy for the regulated rental sector will focus on an inflation-based rent policy.
- Rising housing costs and lower real incomes will also lead to more limited annual rent rises in the deregulated part of the housing market.
- The stimulus measures for house building offer some relief in the short term, but do not appear to be a structural long-term solution.
- The comprehensive review of the housing market offers prospects for further deregulation of the rental market.
- Equal tax treatment of renting and owner-occupation, including restricting mortgage interest relief, will improve the prospects for the market in the higher-rent segment.

INVESTMENT

Model portfolio developments

more frequent assessments

Developments in the housing market in 2009 led to more frequent assessments of the portfolio – both existing properties and new construction projects in the pipeline. The latter category has certainly been the subject of deeper analysis of market expectations, with the result that a large number of projects have been cancelled. Where necessary, a provision has been formed for projects under construction if the expected value on completion is lower than the purchase price or development cost.

adjustment if inadequate contribution to future performance

Existing properties have been analysed critically, combining past performance with expectations for the future. Elements covered include historic direct and indirect yields and the letting expense risk, forecasts of the marketability of the products (owner-occupied and rental), values, size of complex, age and letting potential. The computation of risk (on lower yields) was refined during the year and its results have greater weight in the portfolio strategy. A significant conclusion is that risk is more strongly correlated with rents than with locations in weaker regions. A cohesive picture was distilled from this analysis, leading to adjustment of part of the portfolio. It is reasonable to conclude that certain properties contribute insufficiently if at all to future performance and a programme of disposals has been drawn up. The aim of this programme is to achieve the best consolidation of the capital invested in these residential properties. The usual means for this is individual sale, with the decentralisation of the sales process to the woongaleries carried out in the year bearing fruit. Vesteda has used this analytical model for several years, but the exceptional market conditions in 2009 gave it an extra dimension. In past years, the dynamism in the housing market was very one-sided, moving upwards. Regional differences became clear during the year, as did problems making sales at the higher end of the owner-occupied and rental segment.

stronger focus on €800-€1,200 segment; new building in regions 1 and 2

The composition of the portfolio will be adjusted in response to market conditions and expectations. The focus on the €800-€1,200 price segment will be strengthened, while most new building will be in regions 1 and 2. The pipeline of developments will be adjusted as far as possible. Various analyses were made during the year and they formed the basis of a plan for sales in excess of €1 billion from the existing portfolio in the next five years, concentrating on projects with rents over €1,000 per month. The global effects of these measures give the following picture of the composition of the portfolio by price segment.

Letting portfolio

By rent, percentage of theoretical rental income

	2009	2014 after changes in 2009
≤€647	24	26
€648 to €800	45	31
€801 to €1,000	14	19
€1,001 to €1,200	5	9
> €1,200	12	15
Total	100	100

growth in top segment > €1,200 to 20% no longer wanted

As the completions in the pipeline in this plan period are mainly in the rental segment > €1,200 per month, this category would grow to 20% if the policy did not change and this is no longer regarded as desirable.

Value

almost the whole portfolio was appraised by external valuers

During 2009, almost the whole portfolio was appraised by external valuers, and the values of various properties were updated externally once or more often during the year. Given the exceptional market conditions, all new projects were appraised by external valuers in the quarter after hand-over, whereas this is normally done in the first 24 months after hand-over.

revaluation of Letting portfolio €-309 million

In total, the Letting portfolio fell in value by €309 million, or 6.6% of its value at the start of the year.

revaluation of Development portfolio €-65 million

Expectations for the value of the projects in the pipeline on completion, were adjusted downwards in 2009. Letting activities were intensified and where possible residential properties were sold before completion. Nevertheless, a provision of €65 million was formed for these projects, which will be completed in the period to the end of 2011.

Residential care segment (3% of the Letting portfolio)

letting by specialised care providers

The eight 'residential care' properties have a special place in the Vesteda portfolio. Unlike other properties, these buildings are let by external, specialised care providers, usually for their own account and risk.

two care complexes handed over in 2009

During 2009, Vesteda handed over two complexes: Rosorum in Arnhem and Vredenbergh in Breda. Demand for this type of housing with tailored care facilities is growing steadily, certainly for buildings where comfort, security and a pleasant social context compensate customers for having to move out of their own homes.

within limits, residential care segment offers attractive returns

As an investment category this sector has not been extensively explored and no long-term yield series are available. It is, however, clear that these properties can generate a stable direct yield provided the operator can meet the above quality standards and has good access to demand in the regional market. A clear competitive concept, including the associated technical specifications and early selection of a letting partner are conditions for success for Vesteda. There are currently no new 'residential care' properties in the pipeline. Given the reduction in the pipeline there are also no new obligations in the report for this segment. At the end of 2009, the fair value of the residential care segment was €132 million, or 3% of the Letting portfolio.

Serviced apartments segment (2% of the Letting portfolio)

main markets in Amsterdam and The Hague

Vesteda's portfolio includes four properties consisting wholly or partly of serviced apartments: Maastricht Cortile (30), Eindhoven Vesteda Toren (6), The Hague La Fenetre (38), Rotterdam De Hoge Heren (51) and Amsterdam New Amsterdam (101). The economic situation in 2009 was reflected in the performance of these properties: occupancy rates fluctuated strongly and a number of regular customers had to make cost savings in their budgets. The sharp focus on our customers, an excellent product and the high level of service by our guest relations teams mean that Vesteda is not dissatisfied with the results but the expected direct yields were not achieved during the year. This segment of the housing sector, therefore, appears to be more volatile than average. Demand for this product is concentrated mainly in Amsterdam and The Hague. At the end of 2009, the fair value of the serviced apartments segment was €96 million, or 2% of the Letting portfolio.

Energy standards

energy standards affect housing valuation system

Regulations and new technologies are coming fast to the housing sector. It is expected that the policy proposals of the Minister of Housing, Spatial Planning and Environment for including energy classification in the housing valuation system will be implemented in early 2010. There are huge positive boosts for more modern properties. By analogy with, say, the car industry, we believe that consumers will quickly appreciate the benefits of an energy-efficient home. Pro-active marketing of a low-energy classification when letting properties is an activity that will be established in the first half of 2010.

possible adverse effect on rent flows in Vesteda's portfolio

The effect of this on rent flows from the older properties in the Vesteda portfolio in particular may, however, be adverse, with a secondary impact on the valuation. The draft legislation as currently known assumes a rent freeze in the regulated segment and, after a transitional period of two years, a cut in rents in cases where replacement of the current scores for insulation and heating by scores based on the classification leads to a lower rating for the property.

DEVELOPMENT

development activity at a minimum level

Acquisition activities were reduced to a minimum during the year, while maintaining attention for Vesteda's often long relationship with municipalities.

imbalance between development expenditure and sales proceeds restored in 2010

Vesteda was faced with a situation in which disposals temporarily generated insufficient resources to finance the projects in the pipeline. Construction in 2009 and 2010 is at a high level and short-term action in 2009 was not an option as many projects were already under construction. The effect was a search for funding for the projects under construction as sales proceeds were insufficient. In 2010, the balance between new construction commitments and disposal proceeds will be restored. A second issue is that the fall in value in the market meant projects being built have also fallen in value and so will not generate the yield expected when they were acquired.

reduction of the pipeline by €1.45 billion

The first task of Vesteda Project bv was to reduce the pipeline to a lower level. Projects with a total value of €1.45 billion, for which there were no firm contractual arrangements, were scrapped. Obligations for the remaining firm portfolio with a total development value of €1.35 billion to 2020, will be met, but they are also being reviewed to see if postponement is an option or if changes can be made in consultation with the partners. It was also decided to sell more newly-built homes from the pipeline if terms permit. These actions reduced the pipeline for the years 2010 and later to a more acceptable level, so that, as explained above, it will be easily possible in normal market conditions to finance new construction from the disposal proceeds.

Sales of work in progress

buyers see what they are buying and the home is available sooner

As noted above, opportunities for sales from projects in progress are under intensive consideration and this has been done successfully for various projects. The great benefit for the buyers is that they can actually inspect the product and do not have to decide from a brochure. In addition, the project is often much closer to completion, which deals with some of the competitive disadvantages of the existing market. It seems that in future buyers will more often only make decisions when a building is at an advanced stage.

LETTING/MANAGEMENT

Organisational reorientation of the property management department

first phase competed in 2008

The property management department completed the first phase of its organisational reorientation in 2008. The aim of the operation was to make the property management organisation more efficient and effective, with the gains coming mainly from an increase in revenue. The objective was to increase income, mainly by fewer vacancies, raising efficiency and customer focus and controlling costs. As well as efficiency, the organisation has been restructured so that it is ready for the challenges of the next few years.

second phase started in 2009

The second phase of the organisational reorientation started in 2009. Its aims are:
- improved commercial effectiveness: letting agents have been relieved of administrative tasks, allowing them more time for potential tenants;
- improving efficiency: a better distribution can be achieved and efficiency is improved by centralising management, post, telephony and secretarial work;

- further improvement in the quality of implementation: property management is no longer regional, but organised by main process: letting and sales, management and budget and technology;
- improved customer focus: in the new situation, service to customers will initially be centralised (the 'first line') and supplemented by local tasks where they have greater added value if they are performed on site. A specific approach and organisation will be set up for the higher-rental segment and the business market (including serviced apartments);
- making property management more flexible: the property management department will be more flexible in terms of size and the deployment of people. The office locations will depend on the portfolio and letting activities.

Letting performance

rate of letting new complexes slower than in the past, resulting in a lower occupancy rate

The economic setbacks have certainly also affected letting performance. The capacity of the market in the higher-rental segment has diminished, and the rate of letting of new complexes is slower than in the past. Losses of gross rent were, therefore, much higher than expected at 8.3% compared with 5.6% in 2008. The year ended with an occupancy rate of 95.3%, which is lower than we have been used to in recent years.

Debtors

year-end debtors' balance slightly higher than a year earlier

2009 was a challenging year for the credit department; the credit crisis affected our tenants. Nevertheless, Vesteda managed to keep rent arrears reasonably well under control; they amounted to 14.3% of monthly rents compared with 13.9% in 2008.

cost saving by direct debits

A permanent cost saving was made by cutting the number of *acceptgiros* (bank transfer documents) by almost 75% and replacing them with direct debits. Vesteda was sending 4,000 *acceptgiros* to tenants each month at the end of 2008 but this has now been reduced to 1,000, which are also being charged to our tenants. All in all a saving of some €100,000 per year.

CRM system updated

new system commissioned in November 2009

A lot of work was done on designing, building and testing a new version of Onyx, our customer system, during 2009. The new system was commissioned in November. When Onyx was bought in 2001, it was a technological leader among customer relations systems as it was one of the few systems which could support both commercial (sales and marketing) and management processes (services). It was also the only one that could work with internet portals, which was particularly important for communications with our maintenance suppliers. Onyx has been developed in the past six years to support our customer processes and integrated with the website and other internal and external systems.

Online marketing

primary channel for communication and letting

The website, www.vesteda.com, is key to communicating with potential tenants. Each day, the website automatically displays an up-to-date list of housing actually available. The registration module can be used by people wishing to register an interest. Their information is sent automatically to the letting planner, a method developed by Vesteda to create a source of screened potential tenants, so that vacant residential properties can be quickly relet.

doubling of visits to vesteda.com achieved in 2009

The shift towards online marketing resulted in an increase in the visits to vesteda.com, which more than doubled from about 80,000 unique visits per month at the beginning of 2009 to 140,000 at the end of the year. Vesteda recorded over 47,000 applications from about 21,500 people looking for a home in 2009. 14% of those looking for a home became tenants in 2009. Over 87% of them used the internet to register with Vesteda.

Sales support follow up

call centre key link between customer and sales team

A separate letting and sales support team was set up to ensure rapid follow up. This team is part of the call centre and has the task of completing the customer information from the registration as far as possible. Using their assessments, they quickly put customers with a specific housing need directly in touch with the letting agents. This means that the letting agent has fewer but better quality contacts, leading to a higher 'contact to contract' conversion rate. The department was repeatedly upgraded in 2009 and sales support was rolled out to all offices from January 2010.

Tenants' associations

pleasant and useful cooperation

Vesteda holds two formal meetings with tenants' associations a year. There are also frequent informal contacts with the associations or their committee members between the spring and autumn meetings and important matters in and around the building and homes are often discussed informally. Thanks to the efforts of both sides, Vesteda regards this as a pleasant and useful way of communicating. These contacts were strengthened and deepened further in 2009. The subjects discussed include proposed maintenance, settlement of service charges, the annual rent rises, reletting and in some cases the possible sale of a project. There are about a hundred tenants' associations and most of them are members of the Vesteda Platform, the umbrella organisation for Vesteda's tenants.

National umbrella organisation for Vesteda's tenants

positive, critical and constructive co-operation

The Vesteda Platform was set up almost ten years ago to consult tenants on subjects with a national scope. Its board looks after, in a professional way, the general interests of tenants which go beyond individual specific projects, such as leases and the rent policy. Tenants' associations may join the Platform and Vesteda reimburses the membership fee. Vesteda regards the cooperation with the Vesteda Platform as positive, critical and constructive. Several meetings were held during the year, addressing the new Tenant and Landlord Consultation Act, harmonisation of billing heating and service charges, group membership of the Woonbond and the Platform's website.

Tenant and Landlord Consultation Act

limited consequences for Vesteda

The new Tenant and Landlord Consultation Act came into effect at the end of 2008 but was not clear to many investors. Consultations between landlords and tenants are more intensive and thorough. On behalf of investors, the IVBN raised objections to various specific regulations. The new law has limited consequences for Vesteda as it has had well organised and intensive consultations with tenants' associations individually and the Vesteda Platform as an umbrella organisation for years. Certain matters for discussion are now set by law.

Level playing field for housing associations

competitive position of housing associations strengthened: Vesteda complains to European Commission

The Minister, Eberhard van der Laan, temporarily raised the guarantee on loans to housing associations to combat stagnation in the housing market. This improved their position on the playing field compared with commercial market parties. Their competitive position is enhanced by cheaper finance and the low or no returns policy, allowing them to offer a better price/quality ratio for similar products than market parties. Vesteda disagrees with this and complained to the European Commission about an unlevel playing field and unfair state support. It will ask for a review by the European Court.

Minister has not used the state support dossier to reform the housing market, European Commission makes no specific proposals on improving level playing field

The European Commission announced its decision on the state support in December 2009 and explained it further in January 2010. Vesteda and the IVBN were pleased that there is greater clarity on what Brussels finds acceptable and that no further state support may be given to the clearly commercial activities of housing associations. Unfortunately, there were no specific proposals on the vital level playing field with housing associations, and so unfair competition can continue. In addition, little will change in the housing market, despite this being very necessary: the Minister has not used the state support dossier to reform the housing market. That could be done by giving housing associations scope to let a large proportion of their housing stock on commercial terms, working with market parties such as Vesteda. This would also create a strong commercial rental sector between the owner-occupied residential property market and the social rental sector. According to the IVBN, the minister has unfortunately opted to significantly increase the target group for housing associations, with incomes up to €33,000 (about 43% of the Dutch population) being eligible for a social rental home.

skewing not tackled

The skewing caused by higher-income sitting tenants has unfortunately not been tackled by introducing income criteria. Vesteda and IVBN much regret that no objective limit has been set for what a social or commercial rental home is. About 100,000 rental homes of housing associations currently actually have a rent above €648 per month.

Rent rise

average 2.8% rent rise on 1 July

Vesteda's rents rose by an average of 2.8% on 1 July 2009. The rental policy treats regulated and deregulated residential properties differently.

2.3% rent rise in the social segment from 1 July

On 1 July, about 48% of the residential properties in the Letting portfolio were in the social rental segment, where rent rises were restricted to 2.5% in 2009. The rent rise for these properties was on average 2.3%.

3.2% rent rise in the deregulated segment on 1 July

Vesteda offers its tenants in the deregulated segment contractual rent protection. For some years, Vesteda has stipulated in leases that the annual rent rise will be no more than 2% above inflation. Vesteda can compare rents against market rates once every five years. If market rents are at least 10% higher, Vesteda may increase the annual rent rise to 4% in real terms. Vesteda applies this voluntary rent restraint to all residential leases, irrespective of whether rent protection is included in the contract, demonstrating its long-term involvement and social role to tenants and municipalities. Inflation in 2008, which determined the rent rises in the deregulated segment in 2009, was 2.0%. Overall, the average rent rise in the deregulated segment was 3.2%.

Energy performance advice

all residential properties classified

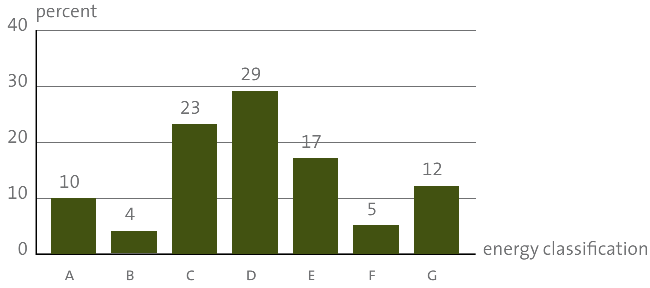
From 1 January 2009, residential properties which change hands (by reletting or sale) must have an EPA energy classification. Vesteda has a project to provide all its residential properties with an energy classification and is giving priority to properties in the letting/sale phases. There are two transitional schemes that cover buildings which already have EPA certification and those with a building permit application less than ten years old. All residential properties not covered by either of transitional schemes had an energy classification in 2009. The chart on page 70 shows the results for the Letting portfolio.

energy classification and consumption require greater attention

The calculation of the energy classification for the existing portfolio is only an initial step. Specific computer software has been implemented to determine the effects of any maintenance work on the energy classification of any building. This subject will be given greater weight in the annual budget process from mid-2010. An example of a specific action is the phased assessment of energy consumption in common areas for possible cost savings. The service charge settlement in 2009 will be used as the basis for this analysis.

Letting portfolio, by energy classification

percent of units by year of construction



SALES

Fall in sales volume

sales of complete complexes used to generate adequate volume

There were obvious consequences of the credit crisis on Vesteda's disposal activities in 2009. The volume of individual sales fell. Although prices and book profits remained up to the mark, the volume of individual private sales of homes dropped sharply. Sales of complete complexes have been used to generate the required cash flow.

Process optimisation

sales coordination decentralised

Sales proceeds and results are important for realised return and cash flow and so a highly commercial approach to the market is crucial. Consequently, sales coordination has been undertaken by the woongaleries since 1 January 2009. By working closer to the market, pricing and a commercial approach can be optimised, and a better balance can be struck between sales and reletting.

INNOVATION

Implementation in 2009: broad approach

breadth sought: awareness of innovation as a culture

Once Vesteda had decided to give innovation a structural nature, 2008 saw an awakening awareness of innovation, determining the approach, choosing areas for innovation and collecting ideas. As well as sustainability, the focus in 2009 was on implementing innovation in three areas: customer & product innovation, process & technological innovation and financial innovation. Logically, the biggest material advance was in process & technological innovation as it is closest to operational needs. 15 to 20 innovations were worked on during the year. As well as these, many innovations were also implemented immediately. There is a clear dynamism in innovation.

In table below shows several examples of projects that have been completed or which will be developed further in 2010.

Innovation projects

Completed and/or under development

customer & product innovation theme
- Customer panel and benchmarking
- House cleaning service & other service packages

financial innovation theme
- Land sales pilot
- Purchase/rental construction

process and technological innovation theme
- Service orientation
- Onyx migration
- Sales support
- New website
- Property management process structure

SUSTAINABILITY

sustainability strategy formulated

Vesteda believes its task is to create sustainable housing of the highest possible quality in every segment with, at the same time, the lowest possible burden on the environment. By offering sustainable housing and building a sustainable portfolio, Vesteda can enhance its rental and property values. This is at the heart of the sustainability strategy formulated over the years.

specific objectives being developed

The specific targets proposed for the sustainability strategy are currently being examined for feasibility, cost and revenues. In 2010, these targets will be adopted and embedded as part of normal departmental plans and processes throughout the company. These objectives cover employee satisfaction, customer satisfaction, CO_2 reduction and energy consumption of residential units in the letting and Development portfolios.

Sustainability projects
completed and/or under development

- Cooling using river water
- Use of waste heat from local industries
- Environmental grants
- Hybrid cars
- Greenwheels (car sharing) as a product for customers
- Energy classifications
- Central purchasing of energy

Customer survey

Vesteda has carried out an ongoing survey, the Vesteda Tenants' Monitor, since 1997. It provides information on the characteristics, views, wishes and opinions of the various groups of tenants. On average, tenants rate the home, surroundings and service from Vesteda as more than satisfactory.

questionnaire by post or internet:

All new and departing tenants receive a questionnaire that they can return by post or complete online.

...new tenants

New tenants are asked why they are renting, and about the orientation and decision-making process and their findings as a new customer.

...departing tenants

Departing tenants are asked why they are moving and for suggestions for improving products and services.

...sitting tenants

Each month, a sample of sitting tenants is sent a questionnaire asking about matters such as satisfaction with the home, surroundings and the service from the woongaleries. 500 sitting tenants are approached each month, making it possible to draw valid conclusions for subgroups.

...abandoned applications

Abandoned applications are also surveyed. The 'leads' survey has been operating since 2007. Using this information, Vesteda gets to know the decisive reasons for, ultimately, not renting from Vesteda.

customer panel active in 2009

The customer panel is representative of all Vesteda tenants. The advantage of the panel is the speed with which the preferences and views of our tenants can be measured and the speed of research for urgent decision making. Issues surveyed during the year were which product innovations were preferred, which support services are wanted and what is the experience of the Vesteda organisation.

ten years of surveys of tenants associations during 2009

2009 was the tenth consecutive annual survey of tenants associations. The tenants associations are satisfied with the frequency of consultations with Vesteda. The atmosphere and content of the meetings were rated good. There was less satisfaction with the outcomes and complying with agreements. In consultation with the Platform, the survey will take a completely new form in 2010. The possibilities offered by an intranet environment exclusively for Vesteda Platform and tenants associations is being investigated.

25,000 surveys already processed, report well embedded in operations

25,000 surveys have been processed and analysed since the start of the completely new survey in 2003. The response rate is about 40%, which is good given that it is an extensive written survey. The various disciplines at Vesteda are provided with a report each quarter. A special theme is highlighted alongside the standard sections of the reports on different aspects of services. The reports have a solid place in the primary operating processes. The survey results and suggestions for improvements by tenants at complex level, ranked by home, environment and service, are an important instrument for the asset management and property management departments to make balanced choices.

Results of the customer survey

tenants are satisfied with their homes

In general, Vesteda tenants are satisfied with their homes, giving them an average rating of 7.2 (out of 10) in 2009. The size and layout of Vesteda homes were rated very good at 7.8 and 7.5, respectively. The commonest request of tenants in existing buildings is a new bathroom and/or kitchen, possibly with a contribution to the cost. Tenants increasingly want energy-saving measures for comfort. Perceptions of the rent and price/quality relationship of the home are constant at about 6.5.

surroundings more than satisfactory

Tenants are also generally satisfied with the surroundings, giving them, like the homes, an average rating of 7.2 in 2009. Accessibility by car and public transport were rated well above 7.5 and the availability of shopping facilities just under 7.5. Many tenants asked for attention to maintenance of green spaces by Vesteda and gardens in the area by other tenants and the tidiness and atmosphere of the surroundings. Tenants, and residents in general, increasingly value tranquillity and security.

location, layout and immediate availability are principal reasons for renting

Reasons why new tenants rent a specific home are its location, quick availability and the size or layout. In 2008, new tenants came equally from rental properties and owner-occupied properties. In 2009, the proportion of new tenants from an owner-occupied home fell sharply. The internet is being used more by new tenants looking for a new home. For new tenants from a rental home, a new workplace was a significant reason for renting from Vesteda. There was a notable rise in family circumstances as a reason for renting from Vesteda.

service levels more than satisfactory but there are some areas for attention

The rating for service to sitting tenants was 6.6. The customer-friendly approach and availability by phone were well over 7. Particular areas for attention are answering enquiries, promptly complying with arrangements and dealing with complaints. The rating for services to new tenants was 7.2 and for departing tenants 7.3. Tenants were generally satisfied with the operation of the call centre and work by external companies. Sitting tenants are increasingly calling Vesteda's attention to careful and clear communication on decisions on disposals and on maintenance work. They also want more control by Vesteda of the planning and performance of these activities.

departing tenants

The main immediate reason for leaving a property is still the wish to buy a home, but this argument has lost a lot of its force. A result of this is a relatively strong increase in the share of tenants departing to a rental property.

overall customer satisfaction rating 7.0

The overall customer satisfaction rating for home, surroundings and service was 7.0 in 2009, the same as in 2008. The modest reduction in the figure for service was offset by a steadier rating for the home and environment.

evolution of complaints handling led to process improvement

In 2009, there was a telephone evaluation of complaints handling. Tenants whose complaint was dealt with were interviewed immediately afterwards about how satisfied they were with the process, communications and solution offered. The results of this survey, once results were obtained from other measurements, led to changes in the complaints handling process.

New survey

evaluation survey by email

As a trial in 2010, Vesteda wants to give tenants an opportunity to give immediate feedback on their experience of contacts with Vesteda in a short email evaluation. The results can be identified for each process, project and employee, so that quick and effective improvements can be implemented.

Movements in the property portfolio

The portfolio fell in value in 2009: the Letting portfolio by €309 million and a provision of €65 million was formed for the Development portfolio. During 2009, 1,112 residential properties were sold and 731 were added from in-house projects. Consequently, the Letting portfolio declined on balance to about 27,200. The occupancy rate fell marginally to 95.3%. The gross yield rose to 5.8%. Average rents rose 4.8%. The portfolio is still relatively modern: half of the homes are 20 years old or less. Of the 1,112 residential properties sold, 374 were individual sales and 738 in complete complexes. The result on disposal fell to €8,200 per home, generating a book profit on sales of €9.2 million.

CLASSIFICATION OF THE PORTFOLIO

All complexes and property developments are referred to jointly as the total portfolio. The total portfolio is subdivided into the Development portfolio and the Letting portfolio.

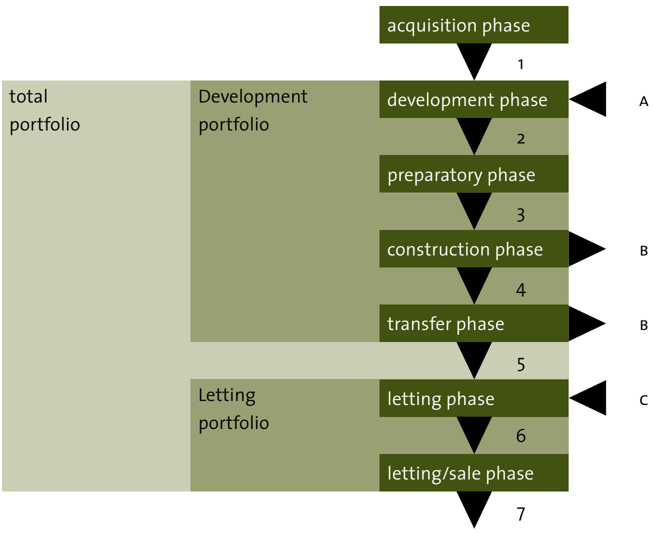
Development portfolio

The Development portfolio includes projects in the development, preparatory, construction and transfer phases. The development phase is for projects where there is an acquisition agreement or contract for an area development or other type of venture or acquisition and for which Vesteda is or will be preparing a development decision. As soon as a development decision has been taken on a project, it moves to the preparatory phase. The project transfers to the construction phase when building work starts and to the transfer phase on completion. Once a project is ready for letting, it is transferred to the Letting portfolio. A project may be transferred in stages.

Letting portfolio

The Letting portfolio includes projects in the letting phase and projects in the letting/sale phase. When a decision is taken to dispose of a project, it becomes part of the letting/sale phase.

Diagram of the classification of the property portfolio



1 acquisition contract
2 development decision
3 start of construction
4 handed over
5 ready for letting
6 decision to dispose
7 disposal

Secondary process

A purchase of projects under development
B disposal of new homes and projects
C purchase of turnkey projects and portfolios

Transfer from Vesteda Project bv to Vesteda Woningen cv

Vesteda Groep bv determines its need for new projects from the long-term plan, based on analyses of the ideal and actual portfolios, and this is then passed on to Vesteda Project bv. Suitable projects are placed in the Development portfolio with the aim of including them in Vesteda Woningen cv or Vesteda Woningen II cv, the common investment funds. They can be transferred in full or in part once an investment decision has been taken and projects have been developed. The date when these conditions are met and the transfer can be made depends on the type of project and ranges from before the start of construction to the hand-over date. The number of residential properties that Vesteda Project bv can hand over to Vesteda Woningen cv or Vesteda Woningen II cv in a given year does not, in accordance with the definition, have to be the same as the inflow in the Letting portfolio in that period.

TOTAL PORTFOLIO

5% reduction to €4,738 million

The value of the total portfolio was €4,738 million at year end 2009, 5% less than at the start of the year.

Total portfolio, value

Excluding acquisition investments, year end

(€ millions)	**2009**	2008	2007	2006	2005
	4,738	4,978	4,934	4,482	4,230

DEVELOPMENT PORTFOLIO

Value

9% reduction to €254 million

The value of the Development portfolio was €254 million at year end 2009 thus falling markedly, by 9%, during the year. The reduction was a result of the value of new investments in the Development portfolio being lower than the value of projects completed and let.

Development portfolio, value

Excluding acquisition investments, year end

(€ millions)	**2009**	2008	2007	2006	2005
Development portfolio	**254**	279	135	176	196

Investment

target cancelled, investment of €233 million

The table below shows the annual investment in the Development portfolio. Originally, investment of €275 million was set as the target for 2009, but the acquisitions and construction targets for project development were dropped during the year. Investment was €233 million including VAT.

Development portfolio, investment

Excluding acquisition investments, incl. VAT

(€ millions)	**2009**	2008	2007	2006	2005
Target	**cancelled***	260	250	220–250	230
Actual	**233**	229	169	169	184

* adjusted during 2009: target cancelled

Completions

731 residential properties let

Originally, completions for 2009 were set at a level of 750 residential properties. This target was reviewed during the year as completion of a minimum number of residential properties is no longer a target. The actual level achieved during the year under review was 731 residential properties, which were handed over to Vesteda Group for letting.

Completions

Units	2009	2008	2007	2006	2005
Target	**revised***	400	700	750	650
Actual	**731**	344	561	477	669

* adjusted during 2009: target revised

Provisions

€65 million provision formed for obligations in the Letting portfolio

A provision of €65 million was formed obligations in the Letting portfolio in connection with the fall in value.

PIPELINE OF PROJECTS UNDER DEVELOPMENT

2009: reduction of pipeline

target: reduction in volume of projects under development

During the year, Vesteda was faced with a market in which sales of individual residential properties slowed and prices and volumes on the professional tender market fell, generating less liquidity. The fall in value in the market also affected projects under development. Consequently, a significant task for Vesteda Project bv was to cut the development pipeline to a lower level.

significant removals from soft pipeline

A large number of projects for which there were no firm contractual arrangements, with an estimated investment value of €1.45 billion, were removed from the pipeline. The remaining soft pipeline of 2,000-2,500 residential properties has a value of €850 million for which Vesteda has development opportunities but has not yet entered into any obligations.

firm pipeline of €1.35 billion to 2020

The remaining firm portfolio with a total development value at the end of 2009 of €1.35 billion to 2020, where there are firm contractual arrangements was and is being reviewed to see if postponement is an option or if changes can be made to the project in consultation with the contract partners. It was also decided to sell more newly-built homes from the pipeline if the terms permit and where the market offers opportunities.

about 3,379 residential properties in various phases of development

Of the 3,379 residential properties in the firm pipeline, 31 are in the transfer phase waiting to be sold or handed over, but not yet ready for letting and so not yet being let. 885 properties are in the construction phase, 477 in the preparatory phase, 832 in the development phase and 1,154 in the acquisition phase. The table below shows the pipeline at the end of 2009. The rate of completion is linked with the volume of disposals of residential properties being sold from the Letting portfolio.

pipeline

year end, hard stock*

	units
Projects in transfer phase	31
Projects in construction phase	885
Projects in preparatory phase	477
Projects in development phase	832
Total in Development portfolio	2,225
Projects in acquisition phase	1,154
total hard stock	3,379

* hard stock: projects subject to a contractual agreement

Properties in the portfolio

A list of properties in the transfer and construction phases is set out on page 155.

PROJECTS HANDED OVER AND LET IN 2009

Amsterdam

In Haveneiland West in IJburg some 120 apartments in the mid to higher-rent segment are being developed in Block 8, along with about 1,000 m² of commercial space in the base. This block was designed by Bob van Reeth, AWG architecten of Antwerp with Christine de Ruijter as project architect. The skilful design makes best possible use of the views over the water and sunlight for the first tenants and interested parties.

The first three buildings of a project with a total of 450 residential properties on the attractive Steigereiland Noord-buurt site on an island in the IJ by the entrance to IJburg were handed over. The architects are VMX (2 buildings) and Marx & Steketee (one building). The VMX buildings include 118 rental homes, of which 102 are in the mid-segment under the framework agreement with Amsterdam municipal authority. The buildings include parking spaces for the block and for properties along the water. The building by Marx & Steketee includes 37 residential properties, of which 11 waterside homes are for sale and the remaining 26 will be invested and let in the deregulated sector. This building also contains about 650 m² of commercial space, much of which is in use as a childcare day centre.

Apeldoorn

Vesteda has developed a project of 90 apartments in three buildings in the Stadhouderlaan project on the Koning Stad-houderlaan, the Zuidwestpoort of Apeldoorn, close to the town centre. Construction started in early 2007. The architect is architectenbureau Rijnboutt Van der Vossen Rijnboutt. The project was handed over in early 2009.

Arnhem

Vesteda purchased the distinctive Rosorum building on the Amsterdamseweg for redevelopment into 20 luxury apart-ments with private care and nursing facilities. Some of the apartments are for short-term letting to tenants with tempo-rary care needs. Building work started in mid-2008 and the project was handed over in 2009.


Amsterdam, IJburg: Blok 8 / IJzicht


Amsterdam, Steigereiland: Klipper/Schoener


Amsterdam, Steigereiland: Tjalk


Apeldoorn, De Stadhouder


Arnhem, Rosorum

Bergen op Zoom

Six urban villas have been built in the Laguna project along the water on the Bergse Plaat. Vesteda has acquired three of these. Three different architects, Marx & Steketee, Kieckens and Jo Janssen Architecten are involved, in order to create greater attractiveness. The 50 appartments are sited in park-like surroundings laid out like a private garden.

Breda

In 2001, Vesteda acquired the existing 50-year old Vredenberg care home complex, with the aim of redeveloping it. A plan was drawn up by the Architecten Werkgroep for 102 serviced apartments and about 1,700 m² of additional care facilities, including a restaurant for Stichting Vredenburg. The 102 serviced apartments are intended for tenants who need permanent care. A further 124 apartments will be let to people who want to live in luxurious apartments in an attractive building with personalised service and care services. The construction work is being phased so that the current residents' lives and care are not disrupted. Demolition work for the first phase started in 2006 and work started on the 102 serviced apartments in early 2007. The first phase was handed over by Vesteda Project bv in 2009, acquired by Vesteda and let to the Stichting Vredenberg. The second phase is now being built and is due for completion in 2010-2011.

Eindhoven

Two tower blocks, known as 'de Ranken', one for rented and one for owner-occupied properties have been built on the Cassandraplein, where the shopping centre is being modernised. The architect is Arno Meijs. The block with 30 rental apartments and 1,000 m² commercial space including a health centre on the ground floor has been acquired by Vesteda. This project was handed over and let in early 2009.

Two blocks on the Kloosterdreef have been completed. In addition to 13 owner-occupied homes, there are 36 rental apartments acquired by Vesteda. The rental homes are in a thirteen-storey tower. The architect of this complex is Bever Architecten.

Leidschendam-Voorburg

Vesteda has acquired 30 apartments in the Neherpark project, in the former Dr. Neher laboratory of KPN Research. This complex is part of a larger project. Van Heerden en Partners have designed the homes in this municipally-listed building. The residents can use a swimming pool, fitness centre and restaurant in another part of the project. The project was handed over in mid-2009.


Breda, Vredenbergh


Eindhoven, De Ranken


Eindhoven, Kloosterdreef


Leidschendam/Voorburg, Neherpark


Maarssen, Op Buuren: Sluisoord


Maastricht, Poort Waerachtig


Rotterdam, Parktoren


Weert, Ceres

Maarssen

The Op Buuren project of some 665 residential properties is being built on the banks of the Vecht, on the former DSM site close to Oud Zuilen, including 182 apartments for Vesteda in the Op Buuren village. The streetscape quality plan ensures that the development will have the authentic atmosphere of a real Vecht village. A high quality living environment based on a high level of ambition will be created. 23 homes in Block 7 (first phase) were handed over in 2009. Various architects have been commissioned to design each block in order to achieve the typical features of a Vecht village. Architect Bruno Albert of Liège designed seven apartments in the central section of Block 7, with seven and nine apartments on each side by Mulleners en Mulleners Architecten.

Maastricht

South of Maastricht city centre lies Poort Waerachtig, the former office of the Limburg Water Company, with an imposing presence and a characteristic 1930s style. This spacious building is being converted into housing with 25 rented apartments under the architectural direction of Henket & Partners. Construction began at the end of 2007. The building and two accompanying urban residential properties were handed over at the start of 2009.

Rotterdam

Work started at the end of 2006 on the Parktoren project on the Prinsenland site, a residential block of some 80 apartments with commercial space in the base, designed by Marge Architecten. Vesteda has acquired 47 rental homes here that were handed over at the end of 2009.

Weert

The Beekpoort site, the old Landbouwbelang location on the Zuid-Willemsvaart, is being redeveloped and 74 apartments are being built in the first phase of the 'Céres' plan. Vesteda has acquired and let 40 rental apartments in this project. Architect is Maccreanor Lavington. Work started on this project in late 2006. The project was handed over in 2009.

LETTING PORTFOLIO

Value

modest decline to €4,484 million

The table below shows the value of the Letting portfolio, which fell to €4,484 million at year end 2009. The proportion of single-unit residential properties fell from 41% to 39% by value.

Letting portfolio, value

year end, (€ millions)	**2009**	2008	2007	2006	2005
Single-unit residential properties*	**1,743**	1,925	2,055	1,794	1,734
Multiple residential properties*	**2,741**	2,774	2,744	2,512	2,300
Total	**4,484**	4,699	4,799	4,306	4,034

*including value of associated parking/garage spaces and commercial space in projects

Movements in value in detail

The Letting portfolio fell by a net 4.6% in value. In table below shows the movements and the effect of revaluation.

Letting portfolio, movements in value

(€ millions)	2009	% value
Value at start of year	**4,699**	**100.0**
Movement as a result of inflow	258	5.5
Movement as a result of outflow	–164	–3.5
Movement as a result of roll-over strategy (a)	94	2.0
Movement as a result of revaluation (b)	–309	–6.6
Revaluation in year under review (a+b)	–215	–4.6
Value at year end	**4,484**	**95.4**

inflow of 5.5%, outflow 3.5%

The inflow of new projects added €258 million to the value of the portfolio, an increase of 5.5%. Disposals reduced the value of the Letting portfolio by €164 million or 3.5%. On balance, the portfolio grew as a result of inflows and outflows by €94 million or 2.0% in 2009.

Revaluation in detail

almost the whole portfolio was appraised by external valuers

In 2009, 98% of all properties in the Letting portfolio were appraised at least once by external valuers. The values of properties appraised during the year were then updated internally to year end.

96% appraised at individual sales value

Projects in the Letting portfolio are stated at fair value, being the higher of the investment value, the market value with sitting tenants and individual sales value, or the net realisable value on disposal of complete complexes to organisations specialising in selling individual units. The majority, some 96% of the portfolio at the end of 2009, are stated at individual sales value.

values with vacant possession and individual sales values are under pressure

Individual sales value is strongly affected by the value with vacant possession: the prices of residential properties on individual sale with vacant possession. The valuation uses the discounted cash flow method so that tenancy turnover and rent trends also affect the value. The present value of the cash flow is computed using the discount rate used in the market that links the required yield to the risk assessment. The Letting portfolio fell in value in the fourth quarter, as value with vacant possession was under pressure. In addition, the housing market came to a standstill so that trading up stagnated. This affected tenancy turnover and, therefore, the rate of sales and in turn this put pressure on the individual sales value.

specialists in individual sales hesitant

Although private investors remain active, there were fewer institutional parties in the market to purchase residential complexes and banks' restraint has made financing transactions more difficult. This all affected the required yield which determines the price. Consequently, the value with vacant possession ratio, the relationship between individual sales value and the value with vacant possession, fell.

Units

Modest decline of 1%

The size of the portfolio fell 1% in 2009. At the end of 2009, the Letting portfolio was 27,243 residential properties. As well as the residential properties, Vesteda owned about 51,000 m² of commercial space and some 9,700 parking/garage spaces.

Letting portfolio, (units)

number at year end	2009	2008	2007	2006	2005
Single-unit residential properties	**11,074**	11,581	12,034	11,476	12,244
Multiple residential properties	**16,169**	16,043	16,300	16,514	17,032
Total residential properties	**27,243**	27,624	28,334	27,990	29,276
Parking/garage spaces	**9,699**	9,457	8,984	8,185	7,203
m² commercial space	**51,663**	43,179	39,789	41,725	36,098
of which office:	**40,606**	32,511	27,768	29,341	23,470
of which retail:	**11,057**	10,668	12,021	12,384	12,628

In 2009, the net decrease in the portfolio was 381 residential properties. In total 1,112 properties were sold and 731 were added. All additions were in-house developments. At the end of the year, about 26,500 of the over 27,200 units in the portfolio had been let for at least one year.

Movements in Letting portfolio (units)

Number of residential properties	2009	2008	2007	2006	2005
At start of the year	**27,624**	28,334	27,990	29,276	31,122
total sold during the year	**1,112**	1,052	1,263	1,758	2,515
+ reclassification as a result of change in layout		–2		–5	
+ added by acquisition of portfolios (a)			1,046		
At year end, let for at least one year	**26,512**	27,280	27,773	27,513	28,607
+ added from in-house developments (b)	**731**	344	561	477	669
At year end	**27,243**	27,624	28,334	27,990	29,276
of which added during the year (a+b)	**731**	344	1,607	477	669

Properties in the portfolio

The properties in the Letting portfolio with the address, number of residential properties, usable area and theoretical year-end rental are listed on page 150.

Value with vacant possession

modest fall to €5,781 million

The value with vacant possession of the Letting portfolio was €5,781 million at the end of 2009, meaning a reduction of 2.5% during the year as a result of the inflow, outflow and revaluations.

Letting portfolio, value with vacant possession

year end, (€ millions)	2009	2008	2007	2006	2005
Value with vacant possession	**5,781**	5,932	5,785	5,355	5,181

Average value per residential property

modest fall to €162,000

At about €162,000, the average value per residential property had fallen by about €5,000 by the end of 2009 as a result of inflow, outflow and revaluation.

Letting portfolio, average value per residential property

year end (thousands of euros)	**2009**	2008	2007	2006	2005
Average value per home	**162**	167	167	151	136

LETTING PORTFOLIO, RENTAL INCOME AND OCCUPANCY

Market rental value and theoretical rental income

At the end of 2009, the annual market rental value of the Letting portfolio was €264 million and the theoretical annual gross rent was €261 million.

Letting portfolio, market rental value and theoretical gross rent

year end (€ millions)	**2009**	2008	2007	2006	2005
Market rental value	**264**	261	259	247	245
Theoretical gross rent	**261**	252	245	233	232

Occupancy rate and tenancy turnover

fall in occupancy rate to 95.3% and tenancy turnover

The occupancy rate in the Letting portfolio fell in the year under review, to 95.3% at year end 2009. Vesteda regards the first year of letting as the initial letting phase. If properties added less than a year ago are ignored, the occupancy rate of the Letting portfolio is 96.4%. Tenancy turnover fell to 12.3%.

Letting portfolio, occupancy rate

Calculated on the number of residential properties

percentages, year end	**2009**	2008	2007	2006	2005
Occupancy rate of Letting portfolio	**95.3**	97.1	97.2	96.8	96.4
of which let for at least a year	**96.4**	97.8	97.7	97.5	97.8

Letting portfolio, tenancy turnover

Calculated on the number of residential properties

percentages	**2009**	2008	2007	2006	2005
tenancy turnover for the year	**12.3**	13.1	11.8	12.7	11.5
tenancy turnover, three-year average	**12.3**	12.5	12.0		
tenancy turnover, five-year average	**12.4**				

Rental income

both rental and gross/net ratio increase marginally

During 2009, total gross rental income rose by 1.0% compared with 2008 to €241 million. Of the total gross rental, 97.4% is attributable to residential properties. At 74% net annual rent as a proportion of gross annual rent rose marginally compared with 2008.

Letting portfolio, realised rental income

(€ millions)	**2009**	2008	2007	2006	2005
Gross annual rent	**241**	238	226	221	219
Net annual rent	**177**	174	165	159	162
Net/gross annual rent	**74%**	73%	73%	72%	74%

Gross yield

clear rise to 5.8%

The gross yield on the Letting portfolio, defined as the theoretical rent at year end divided by the value of the portfolio at year end, was 5.8%.

Letting portfolio, gross yield

In %	**2009**	2008	2007	2006	2005
Gross yield	**5.8**	5.4	5.1	5.4	5.8

Rent trends

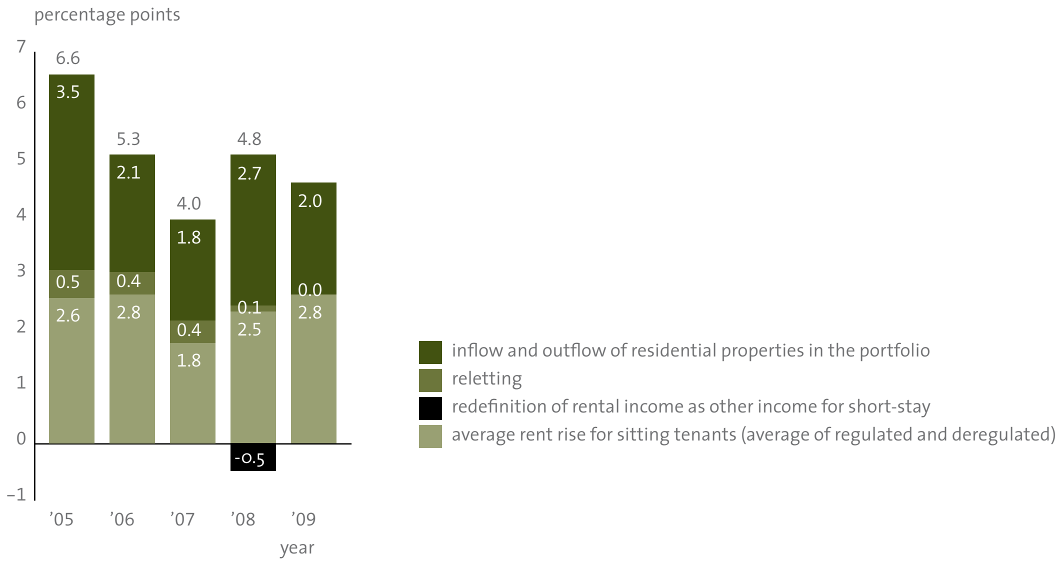
4.8% rise in average monthly rent per residential unit

The average monthly rent per residential unit at the end of 2009 was €755, compared with €721 in 2008. This represents an increase of 4.8%, which had two sources. The first is the inflow and outflow of residential properties in the portfolio, which contributed 2.0%, because of the outflow of cheaper properties to make way for more expensive ones. The other source is the annual rent rise for sitting tenants from 1 July which accounted for a rise of 2.8% in the average rent.

Letting portfolio, average monthly rent

Year end, in €	**2009**	2008	2007	2006	2005
Average monthly rent	**755**	721	688	661	628

Letting portfolio, average rent rise, by source



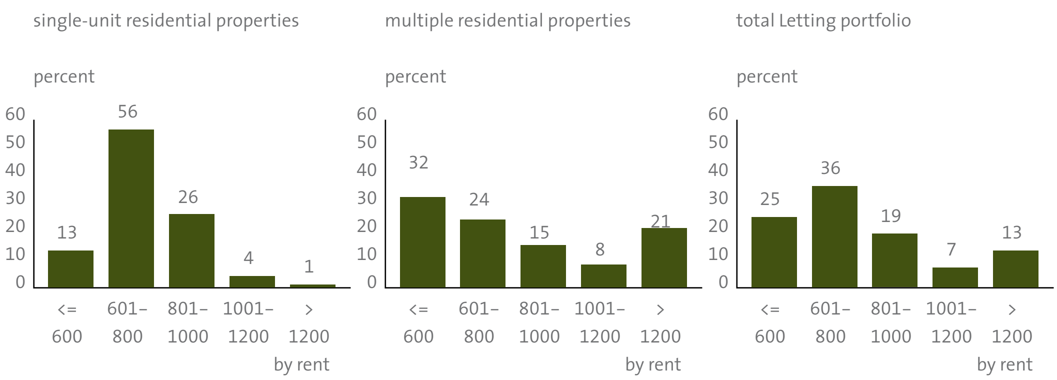
Portfolio by rent

80% of portfolio in rent segment to €1,000

If the Letting portfolio is analysed by monthly rent, Vesteda obtains 75% of its theoretical gross rent from letting in the segment with rents above €600 per month. About three-quarters of this is in the basic segment of the higher-rent sector, at rents from €601 to €1,000 per month, representing a total of 55% of the theoretical rental income of the Letting portfolio. The remaining quarter of the higher-rent sector, or one fifth of the total portfolio, is in the highest sector above €1,000, in total 20%.

Letting portfolio, by rent

Letting portfolio year end 2009, by theoretical gross rent for 2009, by rent



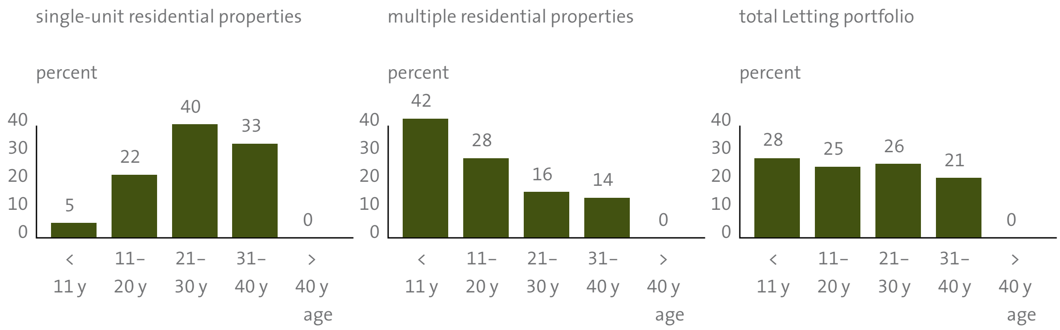
Portfolio composition by age

50% of the portfolio is 20 years old or less

The portfolio is still relatively modern: half of the homes by value are 20 years old or less. For multiple-residential properties the proportion is more than two-thirds. There are almost no residential properties over 40 years old in the portfolio. The Letting portfolio is kept up-to-date mainly by the inflow from Vesteda's Development portfolio. As the inflow consists almost entirely of multiple residential properties, the two types give conflicting pictures by age but overall the distribution is balanced across the four age classes under 40 years.

Letting portfolio, by age

Letting portfolio year end 2009, percentage of value year end 2009, by age



SEGMENTATION OF THE LETTING PORTFOLIO BY SUB-PORTFOLIO

This section sets out key figures for the Letting portfolio by sub-portfolio. In line with IVBN definitions, Vesteda breaks this into single-unit and multiple-residential properties.

Letting portfolio (units)

2009, year end	single-unit residential properties	multiple residential properties	total
Number of properties	11,074	16,169	27,243

Letting portfolio, movement in value*

2009 (€ millions)	single-unit residential properties	multiple residential properties	total
Value, at start of year	1,925	2,774	4,699
Investments	4	254	258
Disposals	–84	–80	–164
Revaluation	–102	–207	–309
Value, year end	1,743	2,741	4,484

*including value of associated parking/garage spaces and commercial space in projects

Letting portfolio by province, value

2009, fair value, year end

(€ millions)	Single-unit residential properties	Multiple residential properties	total
Groningen	31	43	74
Friesland	49	29	78
Drenthe	19	15	34
Overijssel	93	56	149
Gelderland	156	97	253
Utrecht	117	85	202
Flevoland	139	152	291
Noord-Holland	402	659	1,061
Zuid-Holland	505	874	1,379
Noord-Brabant	136	344	480
Zeeland	0	10	10
Limburg	96	377	473
Total	1,743	2,741	4,484

Letting portfolio, value with vacant possession, market rental value and theoretical gross rent

2009, year end

(€ millions)	single-unit residential properties	multiple residential properties	total
Value with vacant possession	2,308	3,473	5,781
Market rental value	101	163	264
Theoretical gross rent	98	163	261

Letting portfolio, occupancy rate

2009, year end

Calculated on the number of residential properties (percentages)	single-unit residential properties	multiple residential properties	total
Letting portfolio	98.2	93.4	95.3
of which let for at least one year	98.2	95.2	96.4

Letting portfolio, realised rental income

2009

(€ millions)	single-unit residential properties	multiple residential properties	total
Gross annual rent	96	145	241
Net annual rent	75	102	177
Net/gross annual rent	78%	70%	74%

Letting portfolio, gross yield

year end 2009 percentages	single-unit residential properties	multiple residential properties	total
Gross yield	5.6	6.0	5.8

Letting portfolio, average monthly rent

2009 in €	single-unit residential properties	multiple residential properties	total
Start of year	706	732	721
Year end	732	771	755

Letting portfolio, result on disposals

2009 (€ millions)	single-unit residential properties	multiple residential properties	total
Result on disposals	7	2	9

DISPOSALS

1,112 homes sold

A total of 1,112 homes were sold in 2009. Regular sales of residential properties are aimed at consolidating capital gains and adjusting the composition and quality of the portfolio.

Preference for individual sales

374 homes were sold individually

To get the best results from sales, residential properties are as far as possible sold individually to tenants or, if vacant, to third-party purchasers. In 2009, 374 homes were sold individually, representing a third of the total number of sales; together, at €70 million, they generated 40% of the sales proceeds.

Remainder sold as complete complexes

Sales of complete complexes are chosen to improve the cash position, if individual sales do not offer a financial benefit, for example, because of very low tenancy turnover combined with the residents' profile. As usual, strictly regulated and transparent tender procedures were used. As well as screening the financial soundness of potential candidates and source of funds as far as possible, the purchaser's good reputation is a major consideration. The sales terms incorporate the IVBN Sales Code and anti-speculation provisions required by Vesteda.

738 residential properties sold as complete complexes

Partly to strengthen the cash position, there were sales of complete complexes during 2009 involving 738 residential properties with a combined value of €105 million.

Result on disposals per home

book profit on sales by tender falls but remains steady on individual sales

A book profit of €9 million was made on disposals in 2009. The average book profit fell from about €19,000 per home in 2008 to over €8,000 in 2009 as a result of a fall in profit on sales of complete complexes and the increase in the proportion of such sales. There was a small average book loss of about €5,000 per home sold in complexes but the speed of disposal was more important than the book result on these sales. The average book profit per residential property sold individually was about €35,000 which is higher than in 2008, when it had been over €29,000.

Letting portfolio, result on disposals

× €1 million	**2009**	2008	2007	2006	2005
Result on disposals	**9**	20	34	45	76

Letting portfolio, result on disposals per residential property

thousands of euros	**2009**	2008	2007	2006	2005
Result on disposals per residential property	**8**	19	27	26	30

Sale of land

Sale of land as a pilot scheme

As a pilot scheme, the land for a project in Almere was sold to a third party and leased back on a ground rent. In addition to immediate liquidity for Vesteda, this transaction created a higher turnover for individual sales of the residential properties. This will be evaluated in 2010.

Letting and management expenses

Letting expenses for 2009 were 26.4% and so once again were lower than in the previous year. Management expenses rose as a percentage of the portfolio value to 38 basis points as a result of the fall in the value of the portfolio. Nevertheless the level of 40 basis points was not exceeded and so both targets were met.

letting expenses fell to 26.4% and were within target

Letting expenses include maintenance costs, reletting, property management, brokers' fees and fixed costs (including taxes). They amounted to 26.4% of gross letting revenue in 2009. The target was an expense level of no more than about 28%.

management expenses rose relatively to 38 bp, but fell in absolute terms and were within target

The management expenses allocated to Vesteda Woningen cv and Vesteda Woningen II cv, amounted to 38 basis points (bp) of the portfolio value at the start of the year. Despite the pay rise under the collective bargaining agreement, higher payroll costs and a higher general cost level and the restructuring provision, management expenses were 2% lower than in 2008 and were again about €21 million. After a constant level of 37 bp in past years, this is nevertheless a modest increase, caused by the fall in value of the portfolio. Despite the increase, the target of expenses lower than 40 bp was met.

management expenses Vesteda Woningen relatively low

According to a survey carried out by INREV, average management expenses of the ten participating funds in the 'core' investment category in the Netherlands are 59 bp and so at 38 bp, Vesteda is well below the average.

Letting expenses
Vesteda Woningen cv and Vesteda Woningen II cv

as percentage of rental income	**2009**	2008	2007	2006	2005
	%	%	%	%	%
Target	**< 28.0**	< 28.0	< 28.0	< 28.0	< 28.0
Result	**26.4**	27.0	27.1	27.9	26.0

Management expenses[1]
Vesteda Woningen cv and Vesteda Woningen II cv,

in basis points of portfolio value at start of year	**2009**	2008	2007	2006	2005
	bp	bp	bp	bp	bp
Target	**< 40**	< 40	< 40	< 40	< 40
Result	**38**	37	37	37	37

1 See page 158 for definitions

Relative performance as residential property investment

Vesteda compares the yield on its residential portfolio against the average yield on investments in Dutch residential properties as expressed in the ROZ/IPD All Residentials index. In 2009, Vesteda beat this benchmark by 0.4%: both the direct yield (+0.3%) and the indirect yield (+0.1%) were above the market average. Vesteda's track-record underlines the proposition for its investors: each year for the past 10 years, Vesteda has generated a direct yield above the benchmark and Vesteda's indirect yield is also above the benchmark on a ten-year basis.

comparison with residential investment index

Vesteda compares its yield with the ROZ/IPD 'All Residentials' index, the benchmark expresses the average yield of Dutch residential property investments over various periods. The index gives the market average of actual results of all participants (including Vesteda) allowing for sales and purchases and redevelopments in addition to the standing investments.

Results for 2009

benchmark beaten for both direct and indirect yields

For 2009, Vesteda beat the ROZ/IPD index by 0.4%. The direct yield was 0.3% better than the market average; the indirect yield was 0.1% higher.

Results over the past ten years

Vesteda's direct yield above market average every year since incorporation

Each year for the past 10 years, Vesteda's direct yield was above the market average. Vesteda has beaten the benchmark for the direct yield every year since it was incorporated and so Vesteda's performance is structurally better in letting its property.

Vesteda's indirect yield above market average on ten-year basis

Vesteda's indirect yield–the trend in values–is also above the benchmark on a ten-year basis: on average, Vesteda was 0.3% higher than the market average each year and so Vesteda's portfolio also performed better in terms of increase in value.

Vesteda's track-record underlines fund proposition

Measured over ten years, Vesteda's average total yield has been some 0.9% higher than the market average (including Vesteda itself). This means that Vesteda offers an annual yield over 1% higher than the average market player. The index also shows that Vesteda structurally offers an above-average annual letting result and an above average increase in value over the longer term.

Vesteda Woningen (CV and II CV) compared with ROZ/IPD Residential properties benchmark

Percentages, 'All Residentials' category, computed using ROZ/IPD definitions, totals may not add up because of rounding. Benchmark including Vesteda Woningen

	Annual yield					Average of past		
	2009	2008	2007	2006	2005	3 yrs	5 yrs	10 yrs
Direct yield								
Vesteda Woningen	4.0	3.8	3.9	3.9	4.3	3.9	4.0	4.7
ROZ/IPD-benchmark	3.7	3.6	3.6	3.8	4.1	3.6	3.8	4.2
Out-performance	**+0.3**	**+0.2**	**+0.3**	**+0.2**	**+0.2**	**+0.3**	**+0.2**	**+0.5**
Indirect yield								
Vesteda Woningen	–6.3	–2.4	5.1	7.9	7.0	–1.3	2.1	4.8
ROZ/IPD-benchmark	–6.4	–0.8	6.2	6.9	6.3	–0.5	2.3	4.5
Out-performance	**+0.1**	–1.6	–1.1	+1.0	+0.7	–0.8	–0.2	**+0.3**
Total yield								
Vesteda Woningen	–2.6	1.3	9.2	12.1	11.6	2.5	6.1	9.7
ROZ/IPD-benchmark	–2.9	2.7	9.9	10.9	10.6	3.1	6.1	8.8
Out-performance	**+0.4**	–1.4	–0.7	+0.8	+1.0	–0.5	–	**+0.9**

Staff and organisation

A major feature of 2009 for the staff and organisation was cost saving and this led to a reduction in staff numbers compared with previous plans and an expansion in the flexible layer of employees. The workforce of employees and temporary agency staff fell during the year from 358 FTEs at the end of 2008 to 335 FTEs on 1 January 2010. Sick leave fell considerably during the year to 3.6%.

a more flexible staff layer

A strict procedure was followed in 2009 for creating more workforce flexibility and so it was decided that permanent contracts of employment would only be offered in exceptional circumstances. At the end of 2009, over 22% of our employees had fixed-term contracts of employment, an increase of over 4 percentage points in absolute terms. Within the flexible layer, where possible, temporary agency staff were replaced by staff on fixed-term contracts to save costs. The tables below show the effect of this policy: a fall in the overall workforce and temporary agency staff from 358 FTEs at year end 2008 to 335 FTEs a year later.

Employees and temporary agency staff

FTE	2010 start of year	2009 year end	2008 year end	2007 year end	2006 year end
Employees	331	346	337	318	322
Temporary agency staff	4	4	21	12	6
	335	350	358	330	328

Employees and temporary agency staff, annual average

average of 12× month-end balances	2009	2008	2007	2006
Employees	344	322	321	314
Temporary agency staff	8	21	12	6
	352	343	333	320

Personnel of Vesteda Group
year end

FTEs	2009	net movement	2008	2007	2006
Head office	110	+2	108	103	105
Property management	203	+10	193	184	191
Vesteda Group	313	+12	301	287	296
Vesteda Project bv	33	–3	36	31	26
Vesteda Group total	346	+9	337	318	322

Employees

year end	2009	net movement	2008	2007	2006
Head office	120	+2	118	110	113
Property management	239	+16	223	207	214
Vesteda Group	359	+18	341	317	327
Vesteda Project bv	4	–3	37	32	26
Vesteda Group total	393	+15	378	349	353

changes in workforce mainly in property management and Vesteda Project bv

Most of the increase was in the new sales support department in the customer contact centre and the expansion of the guest relations team in the 'New Amsterdam' building. Vesteda Project bv's workforce fell.

higher proportion of part-timers

The number of employees rose faster in absolute terms than the number of FTEs because of the increase in the number of part-timers. Over a third of Vesteda staff are part-timers.

average employees' age about 41 years

The average age rose from 40.9 years in 2008 to 41.2 years in 2009. There were only a few younger newcomers. The workforce is distributed evenly across the different age groups. About a third are under 35 and a third are between 35 and 45. In total 13% are 55 or older.

Workforce, by age

Percentage of employees	2009	net movement	2008	2007	2006
	%	%	%	%	%
younger than 35 years	31	–1	32	30	32
35 to 45 years	33	+1	32	34	32
45 to 55 years	23	–1	24	25	28
over 55 years	13	+1	12	11	8
total	100	–	100	100	100

more women than men

The male/female ratio changed marginally with an increase in the proportion of women, who, at 54%, are in a majority.

Workforce, by gender

Percentage of employees	2009	net movement	2008	2007	2006
	%	%	%	%	%
male	46	–1	47	51	52
female	54	+1	53	49	48
total	100	–	100	100	100

fewer staff changes

The dynamism in the market is clear from the inflow and outflow percentages. Vesteda welcomed 60 new employees, being an inflow of 15.9%. The number of leavers fell to 45.

Payroll

fewer temporary agency staff, more employees on a temporary basis

The payroll rose to €18.8 million in 2009, compared with €17.1 million a year earlier. Against this, the cost of temporary agency staff fell by €1.5 million in 2009. There was substitution of temporary agency staff with employees on a temporary basis.

bonuses paid earlier from now on

In 2009, it was decided from now on to pay bonuses in January rather than April of the following year. The new policy means employee bonuses are closer to the performance and the appraisal interview.

average 3.3% bonus for employees in 2009

The performance-based bonus for 2009 was cut by 50% for all employees and in the end was an average of 3.3% of the annual salary including holiday pay, with a maximum of 13.5% (collective bargaining agreement from salary scale 7) and 15%-20% (outside collective bargaining agreement). Bonuses were granted, as conservatively as possible, in line with the company's results.

REORGANISATION

Vesteda could not avoid structural cuts in the workforce.

Vesteda Project bv

workforce and staff numbers reduced at Vesteda Project bv

In October 2008, Vesteda Project bv was still assuming a further expansion of the organisation to 41 FTES to handle the growth in construction in the Development portfolio. By the end of 2008, it had become clear that Vesteda would be conservative in the acquisition of new projects. The growth scenario for Vesteda Project bv had already weakened. It was later concluded that it would not be responsible to even maintain the current number of employees. A number of people left our company of their own accord; these positions were not filled. Temporary contracts were not renewed. A number of people had to leave. By the start of 2010, Vesteda Project bv's workforce had been reduced to 27 FTES.

Head office

workforce and staff numbers reduced at Vesteda head office

A number of positions also went at the head office. These were five positions in the property management General, Disposals, Business Development and Facility departments.

Strategic reorientation property management

new phase of reorientation

A start was made on restructuring the property management department at the end of 2007. The aim of the 'strategic reorientation' was to create more focus on customer activities which is intended to lead to more efficient working processes resulting in an increase in letting and raising customer satisfaction. A second phase of the reorientation started in 2009, and was developed further, particularly in the second half of the year.

plan submitted as request for opinion to Works Council

The working groups set up for this made their recommendations to the Managing Board. Further to this, the Managing Board set the future strategic framework for property management in November 2009. The Managing Board presented the resultant 'Property reorientation: second phase' plan to the Works Council and submitted it as a request for its opinion in December.

compulsory redundancies not excluded

As a result of these developments, certain property management positions will change in their nature, disappear, be cut in number or, in some cases expanded in the near future. Unfortunately, compulsory redundancies cannot be excluded.

Social plan

good social plan agreed quickly

The announcement of cuts inevitably caused concern. The Managing Board and the Works Council quickly agreed a good social plan to limit the adverse consequences of redundancy as far as possible. Nine employees were eligible for the social plan, which provided for redundancy pay, out-placement and a training budget. The employees faced with redundancy were notified quickly after the agreement between Managing Board and Works Council, so that employees who did not have to leave were reassured.

LABOUR MARKET

strong increase in number of applications

The economic crisis had major effects on the labour market and so on Vesteda's recruitment activities. The number of responses to advertised vacancies rose strongly, as did the number of open applications. This has not yet made it easier to attract the right quality of people; there was no great willingness in the market to change employer. The HR department, therefore, could not reduce its efforts to find the right people. The number of applications rose considerably; in total Vesteda received over 2,500 responses.

Labour market communications project

project temporarily suspended

This programme, which started in 2008, was suspended for the time being as a result of developments in the labour market as a result of the crisis.

STRENGTHENING THE ORGANISATION

Performance cycle

performance cycle gets the best out of everyone

Vesteda is convinced that all employees, irrespective of their job, make a significant contribution to the company's reputation and result. To remain successful as a business, all employees are encouraged and enabled to get the best out of themselves. To this end, a performance management programme was set up.

improved cycle in 2009 through stronger quantification of targets

A further boost was given to improving the performance management system in 2009. A new basis was developed for performance and appraisal interviews, with more quantification of targets. With an eye on further harmonisation of the way in which appraisals are conducted at Vesteda, sessions were held within the property management department on analysing employee performance and potential.

workshops for managers and employees

In mid-2009, all managers were informed about the changes in the performance management cycle, followed in the autumn by sessions for all employees. In total, over 190 staff took part in the workshops.

90% of all employees appraised on time

The enhanced attention to the proper application of the performance cycle created great discipline in carrying out and documenting the performance and appraisal interviews and 90% of all employees had been appraised by the end of December, a considerable improvement compared with 2008.

SUSTAINABILITY

Green motoring

new lease policy cuts costs and greener motoring

In consultation with the Works Council, it was decided in 2009 to further encourage green motoring at Vesteda. The car policy was amended to achieve two objectives: cutting costs and promoting the use of 'green' cars. In the new scheme, the lease sum depends on the energy classification, which is also a financial spur to 'greener' driving. This policy was clearly bearing fruit soon after its introduction. The number of cars with an 'A' or 'B' label rose sharply and applications for new lease cars clearly show a preference for energy efficient cars. 10% of all lease cars are now hybrids.

EMPLOYMENT CONDITIONS AND COLLECTIVE BARGAINING AGREEMENT

Employment conditions

competitive package of employment conditions cut back during 2009

Vesteda wants to deliver quality and so it demands above-average quality and effort from its staff. In return, it offers a competitive package of employment conditions. Like other companies, Vesteda was forced to cut back on management expenses during the year and this was expressed in the curtailment of the package of employment conditions. A number of employment conditions were critically reviewed for their relevance. This analysis led to changes in our mortgage facility, use of mobile phones, allowances for fixed line phones and the lease policy. The policy amendments were agreed in consultation with the Works Council.

Pay rise under collective bargaining agreement

pay rise of 0.4%

The Managing Board reached an agreement in principle with the ABVA-KABO and the Unie trade unions on a one-year collective bargaining agreement for Vesteda, part of which was for a pay rise of 0.5% from 1 January 2010 plus an additional rise of 0.4%. This 0.4% was already part of the salary but, until 2010, was being paid monthly in the form of a 'life-course savings scheme allowance'. From 1 January 2010 this 0.4% will be fully assimilated in the regular salary, giving a rise of 0.9%.

Performance-related remuneration

variable remuneration based on results and customer satisfaction

The variable remuneration has a collective element that depends on the investment results compared with the industry (ROZ/IPD), customer evaluation, letting and innovation results. Vesteda will regularly check that the remuneration package is competitive in the current dynamic labour market.

all bonuses for 2009 cut by 50%

In view of the disappointing yield in 2009, the Managing Board decided to reduce all staff bonuses relating to the achievement of agreed targets. The bonuses for 2008, paid in April 2009, were reduced by 25%. Although the Managing Board realised the people had worked hard to achieve the results, it nevertheless decided to apply the cut to everyone, despite the fact that most staff were unable, because of their positions, to influence the investment policy and so the revaluation of the portfolio. In mid-2009, it was also decided to cut the bonuses for 2009, payable in January 2010, by 50%. The performance-related remuneration for 2009 was eventually on average about 3.3%. For the remuneration of the Managing Board, see page 45 and 134.

Employee development and training

2.6% of payroll invested in training during the year

Vesteda makes an above-average investment in employee development. In 2009, over €480,000, or 2.6% of the gross payroll, was invested in development of individual employees and the teams. In absolute terms and as a percentage, this was the same as in 2008. By comparison, the average in the Netherlands is about 2%.

SICK LEAVE

sick leave falls significantly to 3.6%

After increasing for years, sick leave fell considerably during 2009. At 3.6% (including long-term sick leave) and 3.5% (excluding long-term sick leave), the rate was historically low; sick leave including long-term sick leave has never been so low in Vesteda's history. The fall was partly a result of the policy to approach employees with excessive short-term sick leave more quickly. Agreements on alternative behaviour are reached with employees who are frequently absent. In 2009, preparations were made to redefine the vision on sick leave, putting greater emphasis on conduct when reporting sick, and sick leave is no longer looked at merely from a medical perspective.

Sick leave at Vesteda
percentage

	2009	2008	2007	2006	2005
	%	%	%	%	%
Sick leave total	**3.6**	5.6	5.3	4.8	4.0
Sick leave excluding long-term leave (longer than one year)	**3.5**	5.0	5.2	4.6	3.2

WORKS COUNCIL

positive critical attitude of the Works Council

As in previous years, there were constructive discussions with the Works Council. The Managing Board values the positive criticisms of the Council and held extensive discussions with the members during the year. In 2009, consultations focused on the reorganisation at Vesteda Group and Vesteda Project bv. Consultation led to the social plan that was implemented after the summer. The package of employment conditions was adjusted, under pressure of cost savings. The report of the Works Council is on the following pages.

Report of the Works Council

For the first time in Vesteda's history, the Works Council received a request by the Managing Board for an opinion on compulsory redundancies. In that respect, 2009 was an eventful year; one in which the Works Council was faced with a business doing less well than in the past. This showed that the credit crisis had not passed Vesteda by. The results demanded measures and also required every effort of the Works Council. During the year, the Works Council also had to balance the interests (and continuity) of the company with the interests of the staff.

In the spring, the Managing Board notified the Works Council that management expenses had to be cut; the aim being to reduce costs by 10%. A direct consequence of this was that staff numbers would be cut and employees would have to be made redundant. Initially, it was thought that this would be eleven people but by the end of 2009 it turned out that nine people had to leave Vesteda.

The Works Council met extensively with the Managing Board, especially on the redundancies. They agreed a 'social framework' setting out the conditions on which the affected employees would leave Vesteda and the facilities they would have available to rejoin the labour processes. The Works Council could, therefore, say at the end of the year that the redundancies had been carried out as well as possible. The Works Council was assisted by Odyssee, a leading employee consultation organisation, in making its recommendations to the Managing Board.

Although the main feature of 2009 for the Works Council was this round of redundancies, other matters required attention. In December, the Works Council was asked by the Managing Board to give its opinion on further reorientation of property management, an operation that had been announced earlier. On Vesteda Day (September 2009), the Managing Board allowed plenty of time to explain the seriousness of the situation to the whole workforce, the need for economies and the taking of unpopular measures. At the end of the year, the Works Council received a request for its opinion which summed up the measures. During the Consultative Meeting in December, the Managing Board explained its memo by reference to a list of questions that the Works Council had drawn up. The Managing Board received the Works Council's opinion in January 2010.

The Works Council withdrew for two days in October to consider its own approach and its strategy towards the Managing Board. At this 'working conference', the Works Council agreed its approach to requests for opinion, maintaining contacts with the staff and the advantages and disadvantages of informal consultations with the Managing Board.

The Works Council met ten times and held five meetings with the Managing Board. The meetings with the Managing Board were generally animated and hard words were exchanged on occasion but respect for each other's opinions and points of view always predominated.

The Works Council made good use of its rights to give opinions and consent. Its first opinion was on the reduction of management expenses. This took a lot of time, attention and study. Eventually, the Managing Board and Works Council reached agreement. The Works Council was also asked for opinions on the following matters: reducing management expenses (material), changes to regulations on lease cars, ending the fixed-line telephone allowance and cutting the incentive remuneration.

On the initiative of the Works Council, the 'age-aware personnel policy' was on the agenda. Further to a memo on this from the Works Council, a meeting was called on this subject during the autumn of 2009. The main conclusion was that such a policy does not start just at a certain age, but with the youngest employees and each age group in a company demands a specific personnel policy. The issue is 'How do we keep the employees (and the company) vigorous?' It, therefore, addresses the 'employability' of the employees and this varies by age. Given the age composition at Vesteda, the over-50s require additional attention.

The Works Council kept staff up to date with reports on the internal VestedaNet. This was usually done after a consultative meeting. Four reports were issued in 2009.

The annual consultative meeting attended by the chairman of the Supervisory Board took place in the spring. The Works Council emphasised that the employees, especially those on the work floor, had a heart for Vesteda and wanted to do everything to get it through difficult times. An example was the generous way the staff responded to the reduction in incentive pay. The Works Council was more critical about the role of the management. The chairman of the Supervisory Board responded positively to the comments. He, too, believed that a genuine compliment to an employee did more for the attitude to work and motivation than incentive pay. Another subject of discussion raised by the Works Council was the membership of the Supervisory Board. At the end of 2009, the chairman of the Supervisory Board kept his promise to the Works Council that he had made during this meeting: the first woman on the Supervisory Board would join in 2010 giving a male/female ratio of four to one. On 1 January 2010, the ratio on the Works Council would be five to four.

The Works Council also discussed the evaluation of the first round of the reorientation of property management, incentive pay, asset management department, the Vesteda Day, Risk identification and Evaluation (RI&E) reports, a personnel experience survey, the 2009 and 2010 budgets, the 2008 annual report, sick leave, establishing collective working hours reduction days for 2010, the procedure for internal vacancies and the art purchase, sponsorship and car leasing policies.

The annual study day for members of the Works Council and Managing Board was held in Cologne this year.

On the last day of the year. the membership of the secretary of the Works Council came to an end after ten years and a new member, Yolanda Beekhouse, took over.

For 2010, Vesteda is assuming a revaluation of the Letting portfolio of -5% to 0%. Given the leverage effect of the loan capital, the unrealised result is expected to be between -9% and 0%. The realised result is forecast to be 3½% to 4%. Vesteda expects it will be able to achieve most operating targets; an uncertain factor in the total yield is values in the private housing market and the professional residential investment market. In the long term, the prospects for the rental housing market are favourable from an investor's perspective. It is expected that the rental market will clearly pick up in this phase of hesitant recovery, especially in the segment €600-€1,200 per month. For 2010 Vesteda believes it can distribute to its investors about 3½%.

ECONOMY

tentative signs of stabilisation

In 2009, the Netherlands saw unprecedented economic contraction, a development that had not been seen since the Second World War, but after this very turbulent period, there are tentative signs of stabilisation. The economy will still be performing well below its potential until the end of 2010.

economic growth in 2010 estimated between 0% and 1.5%

There is a very wide range of estimates for economic growth in 2010, the Rabobank at 0.3% is around the zero line, DNB is assuming growth of 0.7%, the ING 1% and the most recent forecast of the CPB is the most optimistic at 1.5%. The OECD predicts economic growth of 0.7% for the Netherlands in 2010 and the IMF 0.75%. DNB is assuming that the Dutch economy will grow further by 1.2% in 2011.

lowest inflation for twenty years

Inflation was 1.2% in 2009. This is one of the lowest figures in the past twenty years. The CPB expects inflation to be 1.0% in 2010.

unemployment rising and government deficit growing

The effects on unemployment and the government finances are also severe: the CPB expects unemployment to rise from 5.25% in 2009 to 6.25% in 2010 and there is also 'hidden unemployment' among the self-employed, such as sole traders, who have seen their order books and, therefore, their incomes fall sharply as a result of the crisis. They do not all appear in the unemployment statistics. Unemployment in the building industry will increase this year as a result of the decline in house building. Expenditure on unemployment benefit is rising fast while tax receipts are falling considerably. In addition, the government is trying to keep the economy running with stimulus measures, including in the building sector. This is all blowing a hole in the government's budget. The deficit will rise further in 2010 to 5.8% of GDP.

internationally also cautious recovery

The first tentative signs of a worldwide recovery are becoming slowly visible. After three quarters of strong contraction, the global economy is growing again. In November, the OECD said it expected the US economy to be growing by 2.5% annually in 2010. Japan too will probably grow this year, by 1.8%. The countries in the euro area should see growth of 0.9% in 2010. Economies will remain dependent on government support measures and low interest rates applied by central banks during 2010. The forecasts are, therefore, very uncertain. Economic prospects could improve if the recovery on the financial markets continues. On the other hand, circumstances could change dramatically if a large bank or insurance company gets into difficulties.

DEVELOPMENT IN THE HOUSING MARKET

The housing market in the Netherlands offers favourable quantitative and qualitative prospects for the higher-rent segment for the coming years. Despite the higher-rent segment only being 2.7% of the total housing stock, the market position is stable.

Economic, socio-demographic and planning trends

regional housing markets: focus in economically strong regions

In the medium term, economic, socio-demographic and planning development trends are towards a further strengthening of the economically strong regions in the Netherlands. This can be seen in population and household developments in growing and contracting regions, creating regional differentiation in the housing market. The difference in rents and values between strong and less strong regions will become clearer. Vesteda is, therefore, responding by differentiating between core regions and choosing better locations within them.

consumers are paying the price for the crisis

Although it has not been possible to speak of an economic recession since the end of 2009, the consequences of the crisis will have a medium-term effect. The stimuli that the government have put into the economy have led to a rising budget deficit. The bill for reducing this deficit is being paid by consumers through higher taxes and contributions and economy measures. As a result, disposable income is under pressure, putting an end to the prospect of a substantial real rise in incomes before 2015. Lower purchasing power will unquestionably lead to reconsideration of spending patterns.

Stock developments

mismatch between housing stock and housing needs

The ageing population and individualisation of society is changing the composition of households and, therefore, also their housing needs. The number of small households is expected to increase further and so demand for smaller homes will rise, as will that for homes and living concepts suitable for baby boomers and over 75s. This will give a qualitative mismatch in the housing stock.

falling house building

The building industry will need some years to escape the consequences of the crisis in house building. While household trends rarely, if ever, stagnate, house building will lag behind the desired quantities. The housing shortage will, therefore, rise further, as will tension in the market. This increasing tension will raise prices in due course. The number of owner-occupied homes being built will fall in the next few years while demand does not structurally pick up.

larger proportion of rental homes

The rental sector will remain a stable factor in house building in the next few years. Although liquidity problems will lead to less new house building, especially by housing associations, the relative proportion of rental homes being built will increase. We expect 6,000 new residential properties per year to be built for the private rental sector.

The higher-rent segment

excess demand, but regional differences

Nationally, the demand for higher-rental homes will remain higher than supply in the next few years; there is, therefore, a skewed supply and demand ratio which is not the same everywhere but has regional differences. Excess demand in economically stronger regions, which are home to a significant portion of Vesteda's target groups, is greater than elsewhere.

less scope for house price rises

The government has set an inflation-based rent rise in its policy for the regulated part of the rental sector (to roughly €650). For 2010, this is 1.2%. This rent policy and market and income developments reduce opportunities to implement above-inflation rent rises in the deregulated part of the stock. We only see opportunities for this in strong market areas, with high excess demand where the mark-up above inflation can be up to 1% to 2%. A rent rise in the range from 0% to 0.5% above inflation is the maximum achievable in weaker regions. In the higher-rent segment, rents are under pressure, partly because of the large supply. The government is preparing new legislation under which energy classification will form part of the housing valuation system. At the date of publication, it was not known how relevant the classification would be in the housing valuation system.

HOUSE PRICES

CPB survey has shown that house prices in the Netherlands were in long-term equilibrium. This contributed to the price fall on the Dutch housing market in 2009 being fairly limited (5.3%) compared with other European countries. Price developments in the next few years will depend to a large extent on a number of different effects.

Effect of the crisis on the housing market

affordability will again be under pressure

Price falls have made homes more affordable in 2009. Buyers had a bigger choice and residential properties which originally were financially inaccessible have become accessible The temporary rise in the National Mortgage Guarantee has also aided affordability. In due course, we expect that affordability will again be under pressure, if the housing market regains its former dynamism and demand for owner-occupied residential properties increases. Adverse trends in purchasing power will also contribute to lower affordability.

borrowing capacity restricted; own funds required

As a result of the crisis, banks have revised their risk profile. They are less willing to grant mortgages and mortgage applications are being assessed more rigorously. Maximum value mortgages are rarely granted and consumers increasingly have contribute their own funds to the purchase of a home. This will lead to less demand in the market.

low interest rates increase borrowing capacity

Interest rates are helping the market. They are currently low and are expected to remain so for a while. If the mark-ups that banks apply drop to their normal level, borrowing will be cheaper and household borrowing capacity will rise. Demand for owner-occupied residential properties will receive a boost in this respect. The risk, however, is that as the economy (and housing market) picks up, the interest rate weapon will be used against the threat of inflation, putting a brake on growth.

Formation of a new government

important matters delayed

The fall of the government is leading to delays in addressing the housing market dossier as vital action will not be undertaken. A new government is unlikely to be formed until at least the third quarter of 2010.

Effect of government policy on the housing market

mortgage interest relief in discussion

The setting up of the working group making a comprehensive review of the housing market, which will make proposals for changing the system in the housing market, indicates an end to the mystique surrounding mortgage interest relief. There is a good chance that the next government could start to phase out mortgage interest relief. The impact on the owner-occupied and rental markets will depend on the government's plans but it can generally be assumed there will be a price depressing effect on the owner-occupied segment and a strengthening of the higher-rental segment.

The working group will publish its proposals on revising the system in the spring of 2010, including initial consideration of mortgage interest relief, and this will feed the discussion. It is difficult to estimate how far these proposals will lead to unrest on the housing market.

Forecast of house prices

difficult to predict

The trend in house prices and thus the value of the Vesteda portfolio are very difficult to forecast because of the range of effects working simultaneously. The market faces considerable uncertainty and only a strong recovery will bring a structural improvement.

falling individual sales value expected

Individual sales value (the price that property investors are prepared to pay for clusters of residential properties) and the effect of price trends on the private owner-occupied market are important to the valuation of a portfolio for property investors such as Vesteda. The fall in prices in the private housing market has a depressing effect on individual sales value but other factors have an effect, too: stagnation in trading up and the high yields required by investors are adverse contributors to the individual sales value. It is difficult to estimate precisely how the tender market will develop, given the many variables involved. In view of the expected increase in the number of housing portfolios placed on the market, falling sales prices and the continuing low level of trading up as well as availability of finance for tenders, Vesteda expects another fall in individual sales value this year, although less than in 2009.

Vesteda's forecast: revaluation of -5% to 0%

For 2010, Vesteda is assuming an average transaction price trend for owner-occupied house prices in the Netherlands of between -5% and -3%. Vesteda expects a similar trend in its portfolio, leading to a revaluation of the value with vacant possession of the Letting portfolio (before leverage) of -5% to 0%.

DEVELOPMENTS AT THE VESTEDA GROUP

Financing

A7 series of €350 million in prospect

Vesteda has to repay €400 million in 2010 and €350 million of this will be financed by the issue of a new A7 bond series. Preliminary indications suggest that this issue will be supported by the triple-A rating from three rating agencies. Full hedging of the interest rate risk will be undertaken in April 2010.

refinancing of some €100 million at Project bv

In 2010, up to €140 million of Vesteda Project bv's loan capital will be converted by a financing agreement to a lower level of some €100 million.

target: no further expansion of loan capital

Vesteda intends that the total amount of external financing will not increase compared with year end 2009.

Development

expenditure no higher than income from sales

Vesteda Project bv's development activities will be limited in 2010 to construction in the firm pipeline. The assumption is for investments to be funded entirely by the proceeds of sales from the firm pipeline.

extra attention to sales during the construction phase

Where it is decided to sell projects, from the viewpoint of portfolio composition and sales opportunities, extra attention will be given to selling residential properties during the construction phase.

run-down of financing

Development activities at Vesteda Project bv have slowed down. Firm obligations will be complied with, but new acquisitions are at a low level. The investment level in 2010 will be some €205 million (including VAT). The number of completions will be about 500 residential properties. Extra attention will be given to selling residential properties during construction of suitable projects. Given the rapid availability of the homes, this will be met with reasonable interest.

During the past year, the Sustainability Working Group worked on identifying the GPR score for new projects to determine a feasible level of ambition for the acquisition, development and construction phases. It also examined the effects of sustainability measures on the future value of complexes. The next step in the process is to combine sustainable acquisition, development and construction of projects by Vesteda Project bv with sustainable management of the housing portfolio and setting our joint ambition on this. To this end, 0.5 FTEs at Vesteda Project bv will be dedicated to sustainability from 2010 to ensure that the targets are achieved.

Investment

more in basic and mid-segments

A proposal to expand the basic and mid-segments of the higher-rent sector is a priority in managing the investment portfolio, in the range of monthly rents of €600 to €1,200. Growth in the segment above €1,000 will be curbed and will stabilise.

Letting/management

programme of measures

Vesteda has seen the consequences of the recession in letting and management but has defined a robust programme of measures to keep the letting results up to standard as far as possible. Part of this programme is an increase in registrations of interested parties through enhanced online marketing activities, more efficient use of staff in letting and management and increasing the conversions per employee. The second phase of the organisational reorientation in particular will address these priorities.

efficiency and cost level of property management remains competitive

The efficiency and cost level of property management will remain competitive. There will be more emphasis on the internet as the primary communication channel for potential tenants. A further shift in marketing towards online media will emerge. With the clear focus on letting by letting agents, Vesteda will be able to work more commercially, while the management consultants will focus more on sitting tenants.

Sales

normal volume of sales from the portfolio in the next five years about €500 million, extra sales volume to adjust portfolio mix €800 million

Properties which, given their risk profile, do not make a sufficient contribution to the yield targets will be sold. A normal sales volume of about €500 million is foreseen for the period 2010-2014 with additional sales of some €800 million of potential 'underperformers' being planned for this period, bringing the total sales volume in five years to about €1.3 billion. Over 40% of the complexes in the €800 million group have rents over €1,000 per month. The current estimate is that this, in combination with adjustment of the firm development pipeline, will lead to a levelling off of the increase in the relative holding in the rent class above €1,000.

Personnel

new phase of reorientation

A start was made on restructuring the property management department at the end of 2007. The aim of the 'strategic reorientation' was to create more focus on customer activities which is intended to lead to more efficient working processes resulting in an increase in letting and raising customer satisfaction. A second phase of the reorientation started in 2009, and was developed further, particularly in the second half of the year.

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compulsory redundancies not excluded

As a result of these developments, certain property management positions will change in their nature, disappear, be cut in number or, in some cases expanded in the near future. Unfortunately, compulsory redundancies cannot be excluded.

fewer activities in the South, concentration in the Randstad and Brabant

The Vesteda Project bv organisation was cut during the year in line with the reduction in the Development portfolio. Vesteda Project bv's focus in the next few years will be on strong market areas, mainly in the Randstad and Noord-Brabant. This will have consequences for Vesteda Project bv's South office, in Vesteda's head office in Maastricht. In the foreseeable future, this office will be acting more as a satellite than a full office, as the number of projects under development in the south of the country will fall sharply. The organisation will be aligned with the new production level in 2010 and is expected to be 24.6 FTEs by the end of the year.

Sustainability

more focus on sustainability in customer communications

Sustainability has a solid position as an area for the organisation's attention, both in new developments and in the existing portfolio. The appointment of a Sustainability Project Manager in 2009 was an example of this. Our customers also attach great value to sustainability, as shown not only in surveys that Vesteda conducts but also from the many day-to-day customer contacts. For new projects, therefore, in the next few years Vesteda will make it clearer than in the past what special measures and facilities are in place to achieve a high level of sustainability.

TARGETS 2010

Gross and net revenue per property

Gross and net revenue per property should increase.

Letting expenses and management expenses

Despite expectations of above-inflation increases in expenses and the fall in the value of the portfolio in 2009, Vesteda has set itself a target of keeping management expenses under 40 basis points. Letting expenses will remain below 28% of gross rental income.

ROZ/IPD benchmark

Vesteda wants to at least equal the average yield on Dutch property investments in residential properties as expressed in the ROZ/IPD 'All Residentials' index. As in 2009, Vesteda is expecting out-performance in 2010.

Inflow of projects

Vesteda Project bv has set targets for the investment level and completions, limiting the investment level to the disposal volume, so that the outflow finances the inflow.

Occupancy rate

As a result of the number of handovers of new complexes in 2009 and 2010, the occupancy rate will decline marginally further. Vesteda has a target of reaching at least 95.0%, measured over the entire Letting portfolio, and at least 96.0% measured on the portion let for more than a year.

Annual rent rise for sitting tenants

The annual rent rise for sitting tenants on 1 July is limited in the regulated (Rent Act) segment of the portfolio by restrictions on rent rises set by rent policy and in the deregulated segment by maximum rises agreed with tenants in their leases. For 2010 this means a maximum increase of 1.2% (the inflation rate in 2009) in the regulated segment. The leases on deregulated residential properties permit Vesteda to raise the rent by 2% above the annual inflation rate at the end of March 2010 and to adjust it once every five years to the market level. The annual inflation rate at the end of March 2010 is expected to be 1.2%, and so the maximum rent rise in the deregulated segment could be 3.2%. Market rent potential in the deregulated part of the portfolio has fallen, however, and so Vesteda is less likely than in the past to be able to make an above-inflation rise. Vesteda has a target of achieving a rent rise of approximately 1.5% to 2.0% on average over the total portfolio.

Customer satisfaction

Average customer satisfaction in the Letting portfolio must be at least 7.0.

Disposals

Vesteda has a sales target of €150-220 million in 2010. In view of the rate of turnover in the housing market and the wish to maximise profits, this is a very stiff task. With an expected inflow of some 500 residential properties, there will be a modest net decrease in the number of residential properties in the Letting portfolio. Vesteda expects a sales volume of approximately €200 million with a book profit of some €20 million.

OUTLOOK FOR 2010

Based on achieving these targets, Vesteda offers the following outlook for 2010:

Realised result

The realised result for 2010, measured before the leverage effect of the loan capital, is expected to be approximately 3¾% to 4%. As a result of the leverage, the realised result is expected to be approx 3½% to 4%.

Unrealised result

Expectations for 2010 are moderately negative. Vesteda expects an average revaluation of the Letting portfolio in the range from -5% to 0%. Vesteda is not forecasting its unrealised result partly because of the difficulty in forecasting trends in the private housing market and professional individual sales market and their effects on the value of Vesteda's portfolio and the effect of leverage.

Distribution level

Investors can expect a distribution of some 3½%.

Targets and outlook for 2010

Performance indicator:	actual 2009	target 2010	expected 2010
Investment			
gross revenue per property	increase of 3.0%	increase	limited increase
letting expenses	26.4%	under 27.5%	about 27.5%
management expenses	38 basis points	under 40 basis points	under 40 basis points*
net rental income	3.8%	4% or higher	about 4%
net revenue per property	increase of 3.9%	limited increase	limited increase
ROZ/IPD 'All Residentials'	0.2 above benchmark	above benchmark	above benchmark
Development			
investment level incl. VAT	€233 million	up to disposal volume	about €200 million
hand-overs to Vesteda Group	731 homes	-	approx.500 homes
Management/letting			
occupancy rate:			
Letting portfolio	95.3%	95% or higher	about 95.0%
of which let for more than 1 year	96.4%	96% or higher	about 96.0%
rent rise (nominal)	2.8%	2.0% or higher	about 2%
customer satisfaction	7.0	7.0 or higher	7.0
Sales			
disposal volume	€173 million	€150–200 million	about €200 million
Value creation			
of equity			
realised result	3.4%	4%	between 3½% and 4%**
unrealised result	–11.4%	at least inflation	***
total result	–8.0%	at least 4% plus inflation	***
revaluation of derivatives	–1.1%	-	-
total yield	–9.1%	at least 4% plus inflation	***
Distribution			
Distribution to investors	3.3%****	approx. 3½%*****	about 3½%

* as a result of fall in value of portfolio in 2009

** after leverage, based on a realised result of approximately 3¾%-4% before leverage effect of the loan capital

*** Vesteda is not forecasting its unrealised result partly because of the difficulty in forecasting trends in the private housing market and professional individual sales market and their effects on the value of Vesteda's portfolio and the effect of leverage.

**** proposed, including 2.5% payable in 2010

***** based on a dividend of €101 million

THE FUTURE

The long-term prospects for the Dutch housing market remain positive. Growth in the number of households will mean more homes are needed and changing household composition and the ageing population will mean different homes are needed. The higher-rental segment from €600 per month has structural deficits in the stronger regions, and so excess demand will rise further. Partly as a result of the ageing population, there is great demand for more luxurious, smaller rental homes in an urban environment. Many project developers and municipalities are having to alter their policies on house building. As a result of the credit crisis, residential properties have fallen slightly in price; this offers more opportunities for a result in the future. Vesteda is responding to opportunities in the Dutch housing market.

Institutional investors saw a recovery in yield in the second half of 2009; nevertheless, there is a focus on risk reduction as a result of the developments in 2008 and 2009. Property and in particular residential property is by its nature very suited to an institutional investment portfolio. A further shift to indirect property can be expected given current market sentiment among institutional investors towards direct property. As market leader in the higher-rent sector and an established player with a track-record, Vesteda is also responding to this.

As in recent years Vesteda's management has the duty of bringing together the expectations of investors with respect to risk and return with the opportunities in the Dutch housing market.

We conclude by thanking our tenants for choosing a Vesteda home, our investors for their confidence and our employees for their efforts and involvement.

Maastricht, 24 February 2010
Managing Board

H.C.F. Smeets, CEO
O. Breur, COO
F.H. van der Togt, CFO

Governance and risk management

Corporate Governance

The Supervisory Board and the Managing Board endeavour to create long-term shareholder value, taking account of the interests of the various stakeholders.

GOVERNANCE AT THE VESTEDA GROUP

Separate responsibilities with shared goals

The Supervisory Board and the Managing Board of Vesteda Groep bv each have their own responsibilities, with shared goals, for balancing all interests, with a view to ensuring the continuity of the enterprise. The stakeholders are the groups and individuals who directly or indirectly influence, or are influenced by, the achievement of the aims of the Vesteda Group: tenants, investors, limited partners and other providers of capital, employees, suppliers and customers, but also the government and society at large. The Supervisory Board and the Managing Board take account of the interests of the various stakeholders, endeavouring to create long-term shareholder value.

Investors

The Supervisory Board and the Managing Board regard the current legal structure as a way of continuing the good relationship with all Vesteda's investors.

Vesteda Groep bv has a central position in the organisation. The Managing Board of Vesteda Groep bv, which also manages Vesteda Groep II bv, holds regular formal and informal meetings with the Supervisory Board on the policy of the Vesteda organisation as a whole. Vesteda Groep bv is the sole director of Vesteda Project bv and managing partner of Vesteda Woningen CV. Vesteda Groep II bv is managing partner of Vesteda Woningen II CV.

The Managing Board and Supervisory Board are accountable to Vesteda Group's investors and other stakeholders. Decisions are taken by the investors on the basis of the Participation Agreements, which can be compared with the articles of association of a legal entity.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code (Tabaksblat Code) has been mandatory for listed companies since 2004. The Code was evaluated and updated in June 2008.

The Code is not mandatory for Vesteda Group, which has a closed nature in the sense that only institutions can become investors. Although parts of the Code cannot be applied directly, the Supervisory Board and Managing Board of Vesteda Groep bv endorse the best-practice provisions for the Vesteda Group. This section explains where the Code does not apply or where the parts that do apply are departed from.

GOVERNANCE IN 2009

More intensive consultations with investors

The evaluation of the Dutch Corporate Governance Code showed a general trend towards greater investor involvement in corporate strategy. In this context, the Managing Board, working with the Supervisory Board, comprehensively met the wish for more frequent and detailed consultations with investors on strategy and general business operations. One decision was that the Supervisory Board will report to General Meetings of Investors twice a year on its supervision and the focus of that supervision, within the framework set by the meeting.

'Horizon Vesteda 2012-2020' project

An initial period of ten years was set for the fund when the second and subsequent investors joined in January 2002. It was agreed that options would be put forward after that period, including continuing in the same way, a stock market flotation or a withdrawal by investors. Consequently, the residential property fund will enter a new phase on 1 January 2012. During the year, the Managing Board and the Supervisory Board started the 'Horizon Vesteda 2012-2020' project, based in part on investors' wishes on investments, to shape the business strategy, investment policy, funding and organisation for the period after 2012. Individual and group discussions were held with investors to identify their wishes.

SUPERVISORY BOARD

Function

By law and under the articles of association, the Supervisory Board's role is to supervise the policies of the management board and the general affairs of the company and the law and the articles of association also impose specific duties.

Appointment

Under the Articles of Association of Vesteda Groep bv, the supervisory directors' period of office is four years, with one reappointment of four years, and so the Dutch Corporate Governance Code is being followed. The retirement schedule is in line with this. With a view to continuity of the Board and in the context of the Vesteda Horizon 2012-2020 project, the investors resolved to extend the periods of office of one member and the chairman. The relevant dates for each supervisory director are set out in the Board members section.

Membership of the Supervisory Board, areas of expertise

The Board aims to achieve the best balance in its membership between expertise and experience in management, finance, property and pension investment.

The Supervisory Board has no standing committees as it has decided that the full Board should make recommendations and take decisions. The areas of expertise of each supervisory director are set out in the Board members section.

Depending on specific knowledge, the Supervisory Board may delegate a member to talk to the Managing Board. This was done on three occasions in 2009, with respect to risk management, benchmarking and remuneration.

Authority

All decisions with a value of €10 million or more are reserved for the Supervisory Board. The articles of association and participation agreements also reserve specific decisions for the Board. During 2009, the General Meeting of Investors resolved that decisions with a value of over €75 million must be submitted to a General Meeting.

Evaluation

Regulations have been drawn up on other principles in the Code on the composition of the board, decision-making and appointment of supervisory directors. These specify that the Supervisory Board discusses its own functioning at least once a year in the absence of the Managing Board. Strategy, risks and internal risk management are also discussed at least once a year.

Remuneration

The annual remuneration of the chairman and members of the Supervisory Board is based on competitive compensation derived from a labour market survey. The General Meeting of Investors in the spring of 2008 set the remuneration at €44,000 for the chairman of the Supervisory Board and €31,000 for the members, based on the most recent survey in 2008. All members also receive an expense allowance of €2,500. These amounts are fixed, not indexed and payable annually.

Ethics

If there could be a conflict of interest at any time during a request for the approval of a transaction, there are consultations with the chairman of the Supervisory Board to properly ensure the supervisory director does not take part in the discussions.

MANAGING BOARD

Function

The role of the management board is to manage the company. This includes developing and implementing strategy and associated commercial and investment policy within the law, regulations and articles of association and under the supervision of the Supervisory Board.

Appointment

The Managing Board's contracts of employment are for an indefinite period. Appointments to the Managing Board do not follow the time limits required by the Dutch Corporate Governance Code. It has been decided not to implement such a restriction as this would not be logical given that the Vesteda Group is a long-term investor. Vesteda Group attaches importance to the long-term involvement of the management.

Authority

The Managing Board is authorised to take investment and development decisions with a value of up to €10 million. These decisions are then reported at the next meeting of the Supervisory Board.

Remuneration

The annual remuneration of the members of the Managing Board is based on competitive compensation derived from a labour market survey by an external firm commissioned by the Supervisory Board. The reference group consists of comparable Dutch institutional property funds or property asset managers. Reviews are performed every three years; most recently in 2008. In accordance with the articles of association, the remuneration is then set by the Supervisory Board. The decision on remuneration for the period 2008 to 2010 was taken in 2008.

In addition to a basic salary, the Managing Board may earn a variable element, comprising an annual incentive and a long-term incentive over three years. The variable element depends on predetermined targets set for each member of the Managing Board, depending in part on their areas of focus. Targets for the variable elements are benchmark yield, distributions to investors, acquisitions and pipeline developments, financing, result on sales, implementation of the residential care concept and management skills. There is also a discretionary portion decided by the Supervisory Board.

The contracts of employment specify severance pay arrangements. In a departure from the Code, the amount of severance pay depends in part on the variable element of the remuneration.

The total remuneration of the Managing Board, as disclosed on page 134 of the annual report, comprises a basic salary, the variable element, pension charges and other employers' expenses.

Ethics

The Managing Board adopted the Code of Ethics drawn up by the IVBN in 2008 and confirmed the Internal Code of Conduct during 2009.

Furthermore, as set out in the IVBN Code and subsequent Internal Code of Conduct, a Compliance Committee has been appointed. As specified in the code, reports can be made to the Compliance Committee, which reports to the Managing Board and the chairman of the Supervisory Board. The Compliance Committee has reported that no reports were received during 2009 that required notification to the Managing Board or supervisory directors because a standard had been breached.

The members of the Managing Board meet the other requirements in the Dutch Corporate Governance Code on other supervisory directorships, shareholdings, personal loans and guarantees.

EMPLOYEES

Performance management

To encourage employee development, there are at least three interviews a year with each individual. The record of the interview is signed by the manager and the employee. Targets are agreed at the beginning of the year. The course is set in an appraisal interview halfway through the year and the balance is drawn up during an appraisal interview at the end of the year. These three interviews form the performance cycle.

Remuneration

Vesteda's remuneration policy is that employees are only rewarded competitively for good or excellent performance.

Ethics

All employees are asked to sign a document in which they state that they will comply with the Internal Code of Conduct. This request is made annually. The Internal Code of Conduct replaces the old code.

Risk management

The Managing Board has issued an 'in control' statement for 2009 on financial reporting risks. During 2009, Vesteda developed many of the reprioritised risk areas that had been identified in 2008. This will be continued in 2010, with the aim of issuing a full 'in control' statement for 2010 in 2011.

Focus on achieving organisational targets

risk management aims to promptly identify, assess and manage risk

The purpose of the risk management and internal control systems is to promptly identify significant risks and to assess and manage those risks in order to support the achievement of organisational targets. It is not impossible that risks which have not currently been identified or which are not currently regarded as significant, may later have a major adverse effect on Vesteda's ability to achieve its corporate targets. The internal reporting systems are designed in part to promptly identify these risks.

Integral part of business operations

based on COSO recommendations

Risk management is an integral part of Vesteda's business operations and process management. The internal control systems have been developed on the basis of the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the objective of which is to create a reasonable level of assurance on the achievement of organisational targets. The internal control systems are, however, unable to offer absolute assurance because of unforeseen circumstances, human errors of judgement and mistakes, collusion by employees, breaches of regulations, cost/benefit considerations or coincidence of inherently minor incidents with great consequences for the internal control systems.

Managing Board's responsibility

risk management aims to promptly identify, assess and manage risk

The Managing Board is responsible for managing the risks inherent in Vesteda's business activities. It is also responsible for ensuring that the company complies with relevant legislation and regulations. Senior management and the designated process owners have day-to-day responsibility for ongoing monitoring of the design and operation of these measures.

2009: eleven risks

structured description, control measures developed and documented

During 2009, there was an ongoing process to identify, analyse, validate, monitor and evaluate significant risk areas and control measures. The internal control systems were documented further during the year. This led to the following risks being described and control measures being developed and documented in 2009.

- Integrated portfolio management
- Project development
- Customer focus
- Disposals
- Funding
- Strategic vision
- Investor relations
- Cash planning and forecasting
- Triple-A status
- Human Resource Management
- Financial reporting

2010: a further six risks

This approach will be continued in 2010, addressing the following six risks:

- Fraud
- Innovation
- Continuity of IT
- FII status
- Contractual obligations
- Sustainability

The eleven main risk areas are addressed in detail below.

A Integrated portfolio management

Description of the risk The risk that Vesteda's portfolio moves away from the defined target portfolio compiled under the agreements with the investors.

Control measure(s) The portfolio is designed using integrated portfolio management to create an optimum risk/return profile for the investors. To ensure this, current portfolio developments are compared with the optimum target portfolio risk/return and action is taken if necessary to adjust it to arrive at the target portfolio.

B Project development

Description of the risk The risks that may arise from having inadequate control of projects under development and construction, focusing on the financial consequences and quality of the projects.

Control measure(s) Continuous reconciliation and fine-tuning of projects under development in accordance with the programme of qualitative and quantitative requirements initiated from the target portfolio.

C Customer focus

Description of the risk The risk that Vesteda is insufficiently focused on the wishes of tenants and is not commercially effective, resulting in worse customer satisfaction and financial performance.

Control measure(s) Customer wishes and satisfaction are identified through extensive and continuous surveys and the property management process is adjusted if necessary. In 2009, at a time of economic downturn, pressure on letting rose, especially in the higher-rental sector and so a start was made during the year on reducing the volume of the higher-rental segment in the context of the target portfolio. There is, however, a considerable volume of ongoing new construction to 2011 but this will be limited in part by direct sales.

D Disposals

Description of the risk The risk that the necessary sales volume and margins are not achieved for business operations.

Control measure(s) Continuous reconciliation and fine-tuning of projects in the sale phase in line with the requirements of the target portfolio. Partly as a result of this, a start was made in 2009 on focusing attention primarily on enhanced sales of vacant and occupied properties in the higher-rental segment. The aim is to generate sufficient sale proceeds to be able to purchase new properties without having to attract additional external financing.

E Funding

Description of the risk The risk that Vesteda cannot obtain the necessary funding (equity and loan capital) on competitive terms and conditions to achieve its strategy and targets. Obtaining loan capital involves an interest rate risk and a volume risk.

Control measure(s) Vesteda has chosen to reduce the volume risk by using different maturities in the current funding thus reducing the amount of refinancing on most occasions. A further aim is to gradually reduce the level of loan capital by integrated portfolio management. Interest rate risks are hedged using caps and swaps so that the average interest expense at year end 2009 was a maximum of approximately 4.1% on the outstanding amount of bonds of €1.6 billion. The average remaining term of the financing is about 2.7 years. The level of equity is determined primarily by investors joining and leaving. The way this is managed is addressed mainly in the strategic vision and investor management sections.

F Strategic vision

Description of the risk The risk that Vesteda's strategic vision is not in line with developments in the housing market or the investors' vision and Vesteda's ability to shape this.

Control measure(s) Developing and updating the strategic vision so that Vesteda's positioning (in coordination with the investors) shapes its aim of wanting to be an investment opportunity in the Dutch housing market for institutional investors. This vision is translated at portfolio level using integrated portfolio management.

G Investor relations

Description of the risk The risk that Vesteda is insufficiently able to keep the loyalty of current and potential investors by investor management.

Control measure(s) Through performance and by managing investors' expectations, Vesteda endeavours to secure the loyalty of current and potential investors. This is partly important for maintaining, exchanging or expanding the level of equity. Vesteda shaped its Horizon 2012 -2020 business plan, including in respect of the fund's profile, governance and term, in working conferences with investors.

H Cash planning and forecasting

Description of the risk The risk that Vesteda cannot effectively and efficiently manage its liquidity requirements.

Control measure(s) All cash flows from development letting and sales activities are converted into actions to optimise the liquidity position through cash planning and forecasting. Cash planning and forecasting, of course, use medium and long-term funding assumptions, for example, on redemptions and refinancing. Funding in turn uses information from integrated portfolio management and cash planning and forecasting.

I Triple-A status

Description of the risk The risk that Vesteda could lose the triple-A status for the bonds if it fails to meet all the related obligations.

Control measure(s) The obligations for retaining the status are converted into checks and balances in the processes, and monitoring and reporting them. This is partly to ensure timely payment of interest and redemptions, reporting on ratios etc.

J Human Resource Management

Description of the risk The risk that Vesteda has insufficiently qualified staff and/or too few people to achieve its targets.

Control measure(s) Vesteda has many measures in place on selection, appraisal, remuneration and developing its people. This is primarily shaped in Vesteda's ongoing performance management programme.

K Financial reporting

Description of the risk The risk that Vesteda presents incorrect and/or incomplete and/or late financial reports to its stakeholders.

Control measure(s) A complete set of control measures have allowed the Managing Board to issue an 'in control' statement on financial reporting risks since 2007.

The above risk analysis approach is embedded in the planning and control cycle. The internal control systems include other measures for adequate segregation of duties, prompt recording of significant transactions and information security. Internal responsibilities and management reports, management reviews and other internal examinations of the design and operation of the internal control measures are an integral part of this approach.

The Managing Board performs regular reviews of the risk management and internal control systems and has reported and accounted for the principal business risks and the design and operation of the risk management and internal control systems to the Supervisory Board.

‘In control’ statement

The Managing Board has issued an ‘in control’ statement on the financial reporting risks at Vesteda Group.

Managing Board’s responsibility

The Managing Board is responsible for proper risk management and internal control systems and for assessing their effectiveness.

statement on the financial reporting risks

Based on its assessment of the risk management and internal control systems, the Managing Board believes with respect to the financial reporting risks that:

- these systems provide a reasonable level of assurance that the financial reports contain no material errors;
- these systems have functioned properly during 2009;
- there is no indication that these systems will not function properly in 2010.

no significant shortcomings or deficiencies

No significant shortcomings which could have material effects have been identified in these systems in 2009 and to the date of signing this annual report in 2010. Furthermore, no significant deficiencies regarding operational and compliance risks have been identified in the internal control systems.

Vesteda Group
Financial statements 2009

New Orleans, Wilhelminapier, Rotterdam | 234 apartments: 47 owner-occupied and 137 rental apartments including 50 serviced apartments | Project under construction: tallest residential block in the Netherlands. Completion in late 2010

Introduction

The Vesteda Group is divided into three organisationally-associated units: one responsible for ownership, one for property management and one for property development. The legal owners of the property are Dutch Residential Fund I bv, Dutch Residential Fund II bv, Dutch Residential Fund III bv and Dutch Residential Fund V bv. Dutch Residential Fund IV bv has embodied the beneficial ownership of the property portfolio in investments in Vesteda Woningen CV and Vesteda Woningen II CV.

During 2009, a parallel fund, Vesteda Woningen II CV, was founded along with Vesteda Groep II bv and Dutch Residential Fund V bv.

In their capacity as custodians, Dutch Residential Fund I bv, Dutch Residential Fund II bv and Dutch Residential Fund III bv are legally entitled to all the property belonging to Vesteda Woningen CV on behalf of the investors. In its capacity as custodian, Dutch Residential Fund V bv is legally entitled to all the property belonging to Vesteda Woningen II CV on behalf of the investors. The limited partners have beneficial entitlement to these assets.

Investments can be made in Vesteda Woningen CV and Vesteda Woningen II CV either directly or through Holding Dutch Residential Fund bv, but investment also involves an obligation to invest to an equal percentage in Vesteda Groep bv and Vesteda Groep II bv (management) and Vesteda Project bv. Vesteda Groep bv has a mandate to enter into rights and obligations with respect to the properties, and that mandate extends to Vesteda Groep II bv with respect to Vesteda Woningen II CV.

The rights and obligations of the limited partners in Vesteda Woningen CV and Vesteda Woningen II CV are set out in two Investor Agreements. Vesteda Groep bv has been appointed managing partner of Vesteda Woningen CV. Vesteda Groep II bv has been appointed managing partner of Vesteda Woningen II CV.

The diagram of Vesteda Group's legal structure at 31 December 2009 is printed on the fold-out inside front cover of this Annual Report.

PARTICIPATION AGREEMENTS

Participation Agreements have been drawn up to record the arrangements and they are also binding on any new investors. The agreements govern a wide range of matters relating to the operation of the Vesteda Group, including:

- the powers of the Managing Board and Supervisory Board;
- strategy;
- information provision;
- policy on distributing profits.

The agreements have been contracted for an indefinite period. They may be amended with the agreement of the investors, subject to there being a certain quorum, depending on the nature of the change.

Accounting policies

REPORTING

The structure of Vesteda Group means that it does not have the legal status of an investment fund and is not subject to the Investment Institutions (Supervision) Act. However, since its activities (management of and investment in residential property) are similar in nature to those of an investment institution, an effort has been made to present the financial statements in accordance with the reporting standards applicable to investment institutions.

Vesteda Group is not a legal entity but a combination of Vesteda Woningen cv, Vesteda Woningen II cv, Vesteda Groep bv, Vesteda Groep II bv, Holding Dutch Residential Fund bv and Vesteda Project bv.

As Vesteda Group has similarities to a company, the financial statements below use terminology customarily used in financial statements. The financial statements were drawn up in compliance with generally accepted reporting standards in the Netherlands.

BASIS FOR COMBINING FINANCIAL INFORMATION

The combined balance sheet and income statement of Vesteda Group include the financial information of the following entities:

	established in	holding
Vesteda Woningen cv	Maastricht	100%
Vesteda Woningen II cv	Maastricht	100%
Vesteda Groep bv	Maastricht	100%
Vesteda Groep II bv	Maastricht	100%
Holding Dutch Residential Fund bv	Maastricht	100%
Dutch Residential Fund I bv	Maastricht	100%
Dutch Residential Fund II bv	Maastricht	100%
Dutch Residential Fund III bv	Maastricht	100%
Dutch Residential Fund IV bv	Maastricht	100%
Dutch Residential Fund V bv	Maastricht	100%
Vesteda Project bv	Maastricht	100%
HOG Heerlen Onroerend Goed bv	Heerlen	100%
Gordiaan Vastgoed bv	Heerlen	100%

Vesteda Maastricht bv, a wholly-owned subsidiary of Vesteda Groep bv, was wound up during 2009.

Dutch Residential Fund V bv (27 August 2009), Vesteda Groep II bv (27 August 2009) and Vesteda Woningen II cv (30 June 2009) were formed in 2009. These entities have also been included in the combination from the dates stated.

ACCOUNTING POLICIES

General

Preparation of the financial statements requires estimates and judgements to be made which may affect the amounts reported for assets and liabilities, income and expenditure and the related reporting of assets and liabilities not recognised in the balance sheet at the date of the financial statements. The accounting policies which, in the opinion of the Managing Board, are the most significant to the financial position and the results of activities are addressed in the relevant notes as are matters which are intrinsically uncertain and where the Managing Board has to make estimates and judgements. The Managing Board notes that future events often differ from the forecasts and that estimates have to be updated regularly.

Property

The Development portfolio is recognised at the lower of cost and market value. On completion of a project, the complex is included in the Letting portfolio or disposed of.

The Letting portfolio is recognised at fair value. Pursuant to Guideline 213 'Investment properties', the complexes in this portfolio are recognised at fair value, being the higher of market value with sitting tenants and net realisable value on disposal of complete complexes to organisations specialising in the selling of individual units.

A condition when establishing the fair value is that if the market value with sitting tenants is higher, the fair value will be no more than 110% of the net realisable value in the case of disposals of complete complexes to organisations specialising in the selling of individual units.

The market value with sitting tenants and the appraised net realisable value in the case of disposals of complete complexes as a whole to organisations specialising in the selling of individual units are determined by the discounted cash flow method. Almost the entire portfolio is appraised during the year by external valuers. Complexes handed over during the fourth quarter are appraised externally the following year. Complexes are appraised internally, externally or by desktop analysis each quarter. The aim is to achieve sufficient coverage each quarter for a representative reflection of the total portfolio by age, location, type, region and capital investment. Conveyancing charges and other selling costs are taken into account in determining both the net realisable value in the case of disposals of complete complexes to organisations specialising in the selling of individual units and the market value with sitting tenants.

Tangible fixed assets

The office building is recognised at fair value, reappraised annually by an external valuer. The revaluation is taken direct to equity and recognised through the revaluation reserve. Straight-line depreciation is deducted, based on an estimated useful economic life of 30 years.

Other tangible fixed assets are recognised at cost less straight-line depreciation and any impairment. Depreciation is based on the estimated useful life of the assets concerned, which is between 3 and 10 years.

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement.

Financial fixed assets

If controlling or significant influence is exercised on the commercial and financial policy of participating interests, those interests are accounted for using the equity method based on net asset value. Other participating interests are recognised at the lower of historical cost and market value. Loans receivable are recognised at face value. Where necessary, there is a write-down for doubtful debts. The deferred tax asset relating to corporation tax on the possible offset of losses for tax purposes and differences between accounting policies for commercial and tax purposes is recognised at current tax rates to the extent that it is probable that they can be utilised.

Projects in progress

Projects in progress are recognised at the cost incurred, plus any profit margin on completed sections, less instalments billed and a provision for any losses. Losses are recognised as soon as they become foreseeable. Cost incurred consists of costs directly attributable to the work plus a mark-up for general expenses. Interest at a rate equal to the cost of the external credit facility is allocated to work in progress. Profit is recognised in proportion to the amount of the project that has been completed. Acquisition projects are recognised at the cost incurred.

Inventory of finished goods

Inventory of finished goods is recognised at fair value, reappraised annually by an external valuer.

Receivables

Receivables are recognised at amortised cost, which is generally in line with face value, less a provision for doubtful debts.

Cash

Cash is cash in hand and at bank. Cash is recognised at face value.

Long-term liabilities

Loans are initially recognised at cost, which is the fair value of the amount received, less transaction costs. After initial recognition, loans are subsequently measured at amortised cost using the effective interest method. In calculating amortised cost, allowance is made for all costs, premiums or discounts in relation to the issue of the loan. Interest expense is attributed to the period to which it relates and recognised through the income statement.

Derivatives

The group uses derivatives such as interest rate caps and interest swaps to hedge changes in interest rates. Derivatives are used as cash flow cover to hedge the risk of uncertain future cash flows. In the financial statements, these relate to the variable-rate bonds, the credit facility and the mortgage. Derivatives are initially recognised at fair value including transaction costs and then at fair value at each reporting date. If positive, changes in the fair value of derivatives concerning the bonds, the credit drawn and the mortgage are recognised through the derivatives revaluation reserve in equity. Changes in the fair value of derivatives concerning the credit facility still available are recognised in interest expense.

Provisions

Provisions are recognised if it is probable that the obligation will have to be settled and a reliable estimate can be made of the amount of the obligation. The amount of a provision is set using the best estimate of the amount that will be required to settle the obligations and losses at the reporting date.

Pensions

Vesteda's pension scheme is classified as a defined-benefit scheme and is administered by an industry-wide pension fund. On the information available from the industry-wide pension fund, it is not deemed necessary to form an additional provision at the reporting date in addition to the annual premium payable to the pension administrator.

Current liabilities

Trade creditors and other current liabilities are recognised at amortised cost, which is generally in line with face value.

Distinction between current and fixed assets and between current and non-current liabilities

Assets and liabilities are classified as current (short-term) if it is expected that they will be realised or settled within 12 months of the reporting date.

Other

Unless otherwise mentioned, valuation is according to the historical cost convention. Amounts are shown at face value.

ACCOUNTING POLICIES FOR THE DETERMINATION OF RESULTS

General

Operating expenses are recognised at historical cost. Income is recognised when realised, expenses are recognised as soon as they become known. Income and expenses are allocated to the year to which they relate.

Rental income

Rental income is the total rent invoiced to tenants in respect of the financial year. The amount shown, therefore, takes account of rent lost due to vacancies and discounts. Rental income does not include service charges paid in advance by tenants.

Letting expenses

Letting expenses comprise costs directly attributable to a specific complex. These costs are mainly maintenance costs, property tax and other levies, insurance premiums, management and letting fees and service costs not chargeable to tenants. There is no equalisation provision for major maintenance.

Other income

This includes the interim and definitive results on work in progress and other income generated by short-stay lets.

Management expenses

Any operating expenses that cannot be allocated directly to the various properties are regarded as management expenses.

Interest income and expense

Interest income and expense are recognised at face value. Changes in the current value of derivatives concerning the credit facility still available are recognised in interest expense.

Realised result

The realised result is the sum of the net letting income and other income less operating expenses and net interest charges, plus the results realised on property disposals. The result on disposals is the proceeds from sales (less any facilitation costs) less the most recent carrying value of the properties sold, established each quarter.

Unrealised result

The unrealised result is made up of the total of unrealised revaluations as a consequence of external and internal appraisals and updates and the addition to the provision for downward revaluation of the pipeline.

Tax

Tax on the result is calculated by applying the standard rate of tax to the taxable amount.

Tax status

Holding Dutch Residential Fund bv, Dutch Residential Fund I bv, Dutch Residential Fund II bv, Dutch Residential Fund III bv and Dutch Residential Fund IV bv form a tax group for corporation tax purposes.

The Holding Dutch Residential Fund bv tax group has been regarded as a fiscal investment institution since 2002. On this basis, providing a number of conditions are met, a corporation tax rate of 0% applies. The most important condition to be met is that the profit, calculated in accordance with fiscal principles, is distributed in the form of dividend within eight months of the end of the financial year.

Vesteda Woningen CV and Vesteda Woningen II CV are transparent for corporation tax purposes. Vesteda Groep bv, Vesteda Groep II bv, Vesteda Project bv, Vesteda Woningen CV and Vesteda Woningen II CV form a VAT group. Consequently, VAT is not levied on supplies between these entities.

Combined balance sheet as at 31 December 2009

(after appropriation of profit)

Amounts in millions of euros	31 December 2009	31 December 2008
ASSETS		
Fixed assets		
Property (1)	4,499	4,718
Tangible fixed assets (2)	11	12
Financial fixed assets (3)	34	30
	4,544	4,760
Current assets		
Projects in progress (4)	241	263
Inventory of finished goods (5)	1	–
Receivables (6)	17	15
Tax and social security contributions	–	1
Cash (7)	129	68
	388	347
Total assets	**4,932**	**5,107**
EQUITY AND LIABILITIES		
Group equity (8)	2,941	3,264
Provisions (9)	65	–
Long-term liabilities		
Amounts owed to credit institutions (10)	1,758	1,725
Other long-term liabilities (11)	87	52
	1,845	1,777
Current liabilities		
Tax and social security contributions	4	–
Other current liabilities (12)	21	23
Accruals and deferred income (13)	56	43
	81	66
Total equity and liabilities	**4,932**	**5,107**

Combined income statement for 2009

Amounts in millions of euros	**2009**	**2008**
Income		
Rental income	245	239*
Less: Letting expenses	65	65
Net letting income	180	174
Other income (14)	4	5*
Total operating income	**184**	**179**
Expenses		
Management expenses (15)	21	21
Interest income	3	4
Interest expense	66	72
Operating result	100	90
Result on disposals	9	20
Realised result before tax	109	110
Tax	–	–1
Result on participating interests	–	–2
Realised result after tax	109	107
Unrealised result	–372	–119
Net result	**–263**	**–12**

* Reclassified for comparison purposes.

Combined cash flow statement for 2009

Amounts in millions of euros	**2009**	**2008**
Realised result after tax	109	107
Result on participating interests	–	2
Movements on derivatives	–	1
Interest on loans receivable	–	–1
Depreciation of tangible fixed assets	2	1
Amortisation of financial fixed assets	1	1
Movement in stocks	21	–137
Movement in receivables	–1	5
Movement in current liabilities	19	4
Cash flow from operating activities	151	–17
Investments in property	–256	–179
Investments/disposals of financial fixed assets	–5	–1
Investments/disposals of tangible fixed assets	–1	–1
Disposals of property (excluding result on sale)	164	156
Cash flow from investment activities	98–	–25
Loan drawings	83	275
Loan repayments	–50	–200
Capital paid in	121	–
Dividend paid	–146	–
Cash flow from financing activities	8	75
Total cash flow	**61**	**33**
Cash at end of year	129	68
Cash at beginning of year	68	35
	61	**33**

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist exclusively of cash and cash equivalents. Receipts and expenditure in connection with interest and tax on profit are included in the cash flow from operating activities. Dividends paid are included in the cash flow from financing activities.

Notes to the combined financial statements

PROPERTY (1)

Amounts in millions of euros	Development portfolio	Letting portfolio Letting phase	 Letting/sale phase	Total
Value as at 1 January 2009	19	2,974	1,725	4,718
Investments	239	9	8	256
Disposals	–	–	–164	–164
Internal transfers	–242	234	8	–
Subtotal	16	3,217	1,577	4,810
Revaluations during the year	–1	–221	–89	–311
Value as at 31 December 2009	**15**	**2,996**	**1,488**	**4,499**

See the Report of the Managing Board for further information on property.

TANGIBLE FIXED ASSETS (2)

Amounts in millions of euros	Office building	Fixtures and fittings	Other fixed assets	Total
Value as at 1 January 2009	8	2	2	12
Investments	–	–	1	1
Depreciation	1	–	1	2
Value as at 31 December 2009	**7**	**2**	**2**	**11**
Accumulated depreciation	2	6	7	15

Vesteda Group's office building is recognised at fair value. The carrying value as at 31 December 2009 includes a revaluation of €0.9 million (2008: €1.1 million).

FINANCIAL FIXED ASSETS (3)

Amounts in millions of euros	Participating interests	Loans receivable	Deferred tax	Financing charges	Total
Value as at 1 January 2009	1	26	2	1	30
Investments	–	1	–	4	5
Amortisation	–	–	–	1	1
Value as at 31 December 2009	**1**	**27**	**2**	**4**	**34**

The deferred tax liability is formed for tax loss carry forwards (€1.8 million) and differences between the valuation policies for derivatives (€0.4 million).

PROJECTS IN PROGRESS (4)

Amounts in millions of euros	Acquisitions	Work in progress	Total
Value as at 1 January 2009	3	260	263
Investments	–1	195	194
Instalments billed	–	–217	–217
Transfer to Inventory of finished goods	–	–1	–1
Provision for losses/profit-taking	–	2	2
Value as at 31 December 2009	**2**	**239**	**241**

Interest capitalised in 2009 was €6.7 million (2008: €3.2 million). The interest rate was 5.04% (2008: 5.04%).

INVENTORY OF FINISHED GOODS (5)

Amounts in millions of euros	Inventory of finished goods
Value as at 1 January 2009	–
Transfer from Projects in progress	1
Value as at 31 December 2009	**1**

Inventory of finished goods is the residential properties held for sale by Vesteda Project bv.

RECEIVABLES (6)

Amounts in millions of euros	2009	2008
Property suspense account	6	7
Loans receivable	2	3
Debtors	4	2
Other receivables	5	3
	17	**15**

Debtors include a provision of €3.3 million (2008: €3.5 million).

CASH (7)

Amounts in millions of euros	2009	2008
Current accounts	48	10
Savings deposits	81	58
	129	**68**

With the exception of €8 million (2008: nil), cash is at the free disposal of the company.

GROUP EQUITY (8)

			Revaluation reserve			
Amounts in millions of euros	Issued capital	Share premium	Property	Office building	Other reserve	Total
Value as at 1 January 2009*	51	2,241	1,001	1	–30	3,264
Dividend	–	–146	–	–	–	–146
Capital paid in	–	121	–	–	–	121
Result	–	–	–171	–	–92	–263
Revaluation of derivatives	–	–	–	–	–35	–35
Realised from sales	–	–	–23	–	23	–
Value as at 31 December 2009	**51**	**2,216**	**807**	**1**	**–134**	**2,941**

* Reclassified for comparison purposes. The reclassifications relate to the conversion of negative revaluations from the property investments revaluation reserve and the derivatives revaluation reserve to the other reserve. There have also been transfers within the freely distributable reserves.

In 2009, a €121 million dividend for 2008 and a €25 million interim dividend for 2009 were distributed to investors in Vesteda Woningen cv. €121 million was contributed as share premium on the formation of Vesteda Woningen II cv.

PROVISIONS (9)

Amounts in millions of euros	**Contractual obligations**
Value as at 1 January 2009	–
Additions	65
Value as at 31 December 2009	**65**

In 2009, a provision was formed for contractual obligations on the acquisition of projects by Vesteda Woningen cv and Vesteda Woningen II cv from Vesteda Project bv which will be handed over in 2010 and 2011. The provision is calculated as the difference between the estimated market value at the date of acquisition and the contracted purchase price.

AMOUNTS PAYABLE TO CREDIT INSTITUTIONS (10)

Amounts in millions of euros	**A-notes**	**Mortgage**	**Credit facility**	**Total**
Value as at 1 January 2009	1,600	–	125	1,725
Additions	–	48	35	83
Repayments	–	–	50	50
Value as at 31 December 2009	**1,600**	**48**	**110**	**1,758**

A-note funding

Vesteda Residential Funding II bv has issued a total of €1,600 million of variable-rate bonds consisting of:

- €400 million class A2 secured floating rate notes (2005);
- €400 million class A3 secured floating rate notes (2005);
- €300 million class A4 secured floating rate notes (2005);
- €350 million class A5 secured floating rate notes (2007);
- €150 million class A6 secured floating rate notes (2008).

Vesteda Residential Funding II bv is a company specially incorporated to manage the financing for Dutch Residential Fund I bv, Dutch Residential Fund II bv and Dutch Residential Fund III bv under agreements between these parties, Vesteda Groep bv and the Security Trustee. Vesteda Residential Funding II bv also has the duty of providing security in connection with the financing. All the shares in Vesteda Residential Funding II bv are owned by the Stichting Vesteda Residential Funding II. The manager of the Stichting is ATC Management bv.

The proceeds of the issue by Vesteda Residential Funding II bv have been lent to Dutch Residential Fund I bv, Dutch Residential Fund II bv and Dutch Residential Fund III bv. As a result of the above activities, the Vesteda Group had the following facilities as at the balance sheet date:

- Term A2 Facility of €400 million with an intended remaining term of 0.55 years;
- Term A3 Facility of €400 million with an intended remaining term of 2.55 years;
- Term A4 Facility of €300 million with an intended remaining term of 5.55 years;
- Term A5 Facility of €350 million with an intended remaining term of 2.55 years;
- Term A6 Facility of €150 million with an intended remaining term of 4.55 years.

The borrowers are Dutch Residential Fund I bv, Dutch Residential Fund II bv and Dutch Residential Fund III bv in their capacity as custodians of Vesteda Woningen cv. The borrowers have made the funds available to Vesteda Woningen cv. Interest is due quarterly and is based on the 3-month Euribor rate plus a mark-up which is different for each type. The mark-ups for the Term A2, Term A3, Term A4, Term A5 and Term A6 bonds are 0.15%, 0.20%, 0.28%, 0.13% and 1.00%, respectively. The Term A notes are listed on the Euronext Amsterdam stock exchange. The legal term of the Term A2, Term A3 and Term A4 bonds when issued was 12 years. The legal term of the Term A5 bonds when issued was 10 years and of the Term A6 bonds 9 years.

If the intended term is exceeded, there are sanctions relating in particular to distributions to those entitled to the results of the Vesteda Group. Early repayment is permitted, with limited penalty clauses applying to the A4, A5 and A6 bond loans.

The loans carry considerable reporting and information obligations. The following consequences arise if interest is not paid on time or other obligations are not met:

- payment of dividends and similar distributions are no longer permitted;
- a pledge is established on the bank accounts which receive the rents;
- the voting rights on the shares of Dutch Residential Fund I bv, Dutch Residential Fund II bv and Dutch residential Fund III bv are transferred to the Security Trustee;
- a mortgage right is established in favour of the Security Trustee on the property up to an amount of 150% of the outstanding amount of the loans;
- liabilities may only be met out of the residential portfolio. Creditors have no right of recovery against the other assets (other than Vesteda Woningen cv) of the limited partners.

If certain financial conditions (ratios) are not met, further sanctions are applicable. In addition to the above measures, the management's power to dispose of property is considerably restricted.

Mortgage funding

In December 2009, Vesteda Woningen II cv obtained a mortgage of €48 million with a term of 5 years. Interest is due monthly, based on the three-month Euribor rate plus a mark-up of 2.1%. The mortgage is secured on owned property.

Credit facility

In April 2008, Vesteda Project bv contracted a credit facility for a maximum amount of €140 million, with a term of two years. At year-end 2009, €110 million of this had been drawn down. Interest is due monthly, based on the one-month Euribor rate plus a mark-up of 0.8%. Three financing ratios are associated with this credit facility.

OTHER LONG-TERM LIABILITIES (11)

Amounts in millions of euros	**Derivatives**
Value as at 1 January 2009	52
Revaluation	35
Value as at 31 December 2009	**87**

Vesteda has entered into interest-rate cap agreements with a finance institution with the intention of hedging interest-rate risks. They limit the risks of rising interest rates on the loan capital. Swap agreements were concluded in July 2005 which take effect on the expiry of the interest-rate cap agreements. The terms of the agreements are in line with the remaining terms of the bond loans concluded in 2005. A swap was also concluded on the bond loan issued in April 2007 with the same term as the loan, which took effect in July 2007.

A further swap was contracted for the bond loan issued in July 2008, with the same term as the loan, which took effect in October 2008. These agreements fully hedge the risk of fluctuations in interest rates.

In December 2008, an additional swap was contracted for the remaining term of the caps (20 January 2009 to 20 April 2009).

Vesteda Project bv also contracted a credit facility for up to €140 million. At year-end 2009, €110 million of this had been drawn down. A swap was also contracted for the credit facility, with the same term as the credit facility that took effect in November 2008.

In December 2009, Vesteda Woningen II cv obtained a mortgage loan of €48 million. 70% of this loan is hedged by a Participating IRS. Its term is the same as that of the loan.

The downward revaluation for 2009 was €35 million (2008: €92 million).

OTHER CURRENT LIABILITIES (12)

Amounts in millions of euros	**2009**	**2008**
Creditors	12	15
Amounts received in advance	9	8
	21	**23**

ACCRUALS AND DEFERRED INCOME (13)

Amounts in millions of euros	**2009**	**2008**
Interest	13	14
VAT integration levy	23	8
Holiday days and holiday pay	2	2
Amounts received in advance	4	–
Other	14	19
	56	**43**

OTHER INCOME (14)

Amounts in millions of euros	**2009**	**2008**
Result on projects in progress	1	3
Other income: short stay	2	1
Other	1	1
	4	**5**

MANAGEMENT EXPENSES (15)

Amounts in millions of euros	**General management**	**Property management**	**Vesteda Project bv**	**Total**
Work subcontracted	4	1	–	5
Salaries	7	9	4	20
Social security charges	1	1	–	2
Pension charges	1	1	1	3
Depreciation expenses	1	1	–	2
Other operating expenses	5	4	3	12
Gross management expenses	**19**	**17**	**8**	**44**
Recharged	1	17	5	23
Net management expenses	**18**	**–**	**3**	**21**

Management expenses include the following amounts recognised as fees to Ernst & Young Accountants LLP; €192,400 (2008: €199,000) for audit services, €8,600 (2008: € 49,850) for audit-related services and €69,100 (2008: €36,000) for other services. Ernst & Young Accountants LLP did not charge fees for tax advice in either year.

Almost all the recharges for general and property management are recognised as operating expenses of Vesteda Woningen cv and Vesteda Woningen ii cv. The recharges by Vesteda Project bv are included in projects in progress.

NUMBER OF EMPLOYEES

The group employed an average of 386 people (2008: 364) during the year; this was an average of 341.4 FTES (2008: 327.7 FTES)

DIRECTORS' REMUNERATION

The amount charged to the company in 2009 for the remuneration of directors was €826,000 (2008: €1,522,000). This included social security charges and pension contributions of €223,000 (2008: €210,000).

The reduction in directors' remuneration compared with 2008 was a result of a release of an over-provision for variable incentives in 2008 and because only a limited amount was provided for variable incentives in 2009.

The remuneration for the five (2008: five) supervisory directors in 2009 was €204,000 (2008 € 202,065).

LIABILITIES NOT SHOWN IN THE BALANCE SHEET

The total liabilities for obligations entered into for building contracts, rental and lease instalments are some €499 million. Vesteda Group has not provided security for these liabilities. The liabilities are made up as follows:

Amounts in millions of euros	**Building contracts**	**Property leases**	**Car leases**
Due:			
within 1 year	169	1	1
between 1 and 5 years	326	1	1
	495	**2**	**2**

In addition, there were liabilities not shown in the balance sheet for the firm pipeline of projects in development with a total estimated investment value to 2020 of €747 million including VAT.

Proposals to investors

PROPOSED APPROPRIATION OF RESULT FOR 2009

The manager proposes that the loss for the year of €262,822,625 be taken to equity. This proposal has been incorporated in the financial statements.

DISTRIBUTION

The management proposes that €109 million be distributed to its investors for 2009. €25 million was paid as an interim dividend in December 2009.

The remaining €84 million will be paid in 2010 and has not been incorporated in the financial statements. The final decision on the distribution will be taken at the General Meeting of Investors on 14 April 2010.

Maastricht, 24 February 2010

The Management Board of Vesteda Groep bv:
H.C.F. Smeets, CEO
O. Breur, COO
F.H. van der Togt, CFO

Auditors' report

TO THE SHAREHOLDERS OF AND LIMITED PARTNERS IN VESTEDA GROUP
AUDITORS' REPORT

INTRODUCTION

We have audited the 'financial statements 2009' as set out on pages 120 to 135 of the Annual report of Vesteda Group, Maastricht, which comprise the combined balance sheet as at 31 December 2009, the combined profit and loss account for the year then ended and the notes.

BOARD OF DIRECTORS' RESPONSIBILITY

The board of directors of Vesteda Groep bv is responsible for the preparation and fair presentation of the financial statements and for the preparation of the report of the managing board, both in accordance with the accounting policies set out in 'accounting policies for valuing assets and liabilities' and 'accounting policies for the determination of results' on pages 121 to 125, in such a way that these are free from material misstatement.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Vesteda Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the entities included in Vesteda Group. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors of Vesteda Groep bv, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the 'financial statements 2009' of Vesteda Group have been prepared, in all material respects in accordance with the accounting policies as set out in 'accounting policies for valuing assets and liabilities' and 'accounting policies for the determination of results' on pages 121 to 125, which for the purpose of these financial statement have been deemed acceptable by us.

Furthermore we have established, to the extent of our competence, that the report of the managing board is consistent with the financial statements.

Maastricht, 24 February 2010

Ernst & Young Accountants LLP

signed by J.M. Heijster RA

Abridged financial statements 2009

Block 8/IJzicht, Amsterdam | 120 rental apartments in the mid-segment, about 1,000 m2 of commercial space in the base

This section presents the balance sheets and income statements of the principal entities in Vesteda Group. These statements have been derived from the financial statements of Vesteda Woningen cv, Vesteda Woningen ii cv and Vesteda Project bv, whose full financial statements are available on www.vesteda.com.

Vesteda Woningen cv

BALANCE SHEET AS AT 31 DECEMBER 2009 (after appropriation of profit)

Amounts in millions of euros	31 December 2009	31 December 2008
ASSETS		
Fixed assets		
Property	4,424	4,718
Tangible fixed assets	8	8
Financial fixed assets	21	19
	4,453	4,745
Current assets		
Receivables	10	11
Tax and social security contributions	–	2
Cash	16	49
	26	62
Total assets	**4,479**	**4,807**
EQUITY AND LIABILITIES		
Fund capital	2,698	3,118
Provisions	52	–
Long-term liabilities		
Amounts owed to group companies	1,600	1,600
Other long-term liabilities	85	48
	1,685	1,648
Current liabilities		
Tax and social security contributions	1	–
Other current liabilities	10	8
Accruals and deferred income	33	33
	44	41
Total equity and liabilities	**4,479**	**4,807**

INCOME STATEMENT FOR 2009

Amounts in millions of euros	**2009**	**2008**
Income		
Rental income	245	239*
Less: Letting expenses	65	65
Net letting income	180	174
Grants and other income	2	2*
Total operating income	**182**	**176**
Expenses		
Management expenses	18	19
Interest income	2	3
Interest expense	66	71
Operating result	100	89
Result on disposals	9	20
Realised result	109	109
Unrealised result	–345	–119
Result	**–236**	**–10**

* Reclassified for comparison purposes.

Vesteda Woningen II CV

BALANCE SHEET AS AT 31 DECEMBER 2009 (after appropriation of profit)

Amounts in millions of euros	31 December 2009
ASSETS	
Fixed assets	
Property	75
	75
Current assets	
Receivables	1
Cash	91
	92
Total assets	**167**
EQUITY AND LIABILITIES	
Fund capital	**94**
Provisions	**13**
Long-term liabilities	
Amounts owed to group companies	48
	48
Current liabilities	
Accruals and deferred income	12
	12
Total equity and liabilities	**167**

INCOME STATEMENT FOR 2009

Amounts in millions of euros	30 June 2009 to 31 December 2009
Income	
Rental income	–
Less: Letting expenses	–
Net letting income	–
Grants and other income	–
Total operating income	**–**
Expenses	
Management expenses	–
Interest income	–
Interest expense	–
Operating result	–
Result on disposals	–
Realised result	–
Unrealised result	–27
Result	**–27**

Vesteda Project bv

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009 (after appropriation of profit)

Amounts in millions of euros	31 December 2009	31 December 2008
ASSETS		
Fixed assets		
Financial fixed assets		
Amounts owed by participants and participating interests	2	1
Other investments	1	1
Third-party loans	25	24
Deferred tax	2	2
	30	28
Current assets		
Stocks		
Projects in progress	239	260
Acquisition projects	2	3
Inventory of finished goods	1	–
	242	263
Receivables		
Debtors	2	–
Prepayments and accrued income	3	4
	5	4
Cash	8	6
Total assets	**285**	**301**
EQUITY AND LIABILITIES		
Group equity		
Opening group equity	137	143
Revaluation of derivatives	2	–3
Result for the year	–	–3
	139	137
Long-term liabilities		
Amounts owed to credit institutions	110	125
Amounts owed to group companies	17	17
Other long-term liabilities	2	4
	129	146
Current liabilities		
Trade creditors	10	12
Accruals and deferred income	7	6
	17	18
Total equity and liabilities	**285**	**301**

CONSOLIDATED INCOME STATEMENT FOR 2009

Amounts in millions of euros	**2009**	**2008**
Net turnover	196	273
External expenses	190	265
Gross margin on project development	**6**	**8**
Other income	1	–
Total operating income	**7**	**8**
Cost of work subcontracted	1	1
Wages and salaries	4	4
Other operating expenses	3	3
Total operating expenses	**8**	**8**
Interest income on third-party loans	1	1
Other interest income	1	–
Interest expense on loans from group companies	1	1
Interest expense on other long-term liabilities	–	1
Financial result	**1**	**–1**
Consolidated result before tax	**–**	**–1**
Result of participating interests	–	–2
Consolidated result after tax	**–**	**–3**

Auditors' report

TO THE SHAREHOLDERS OF AND LIMITED PARTNERS IN VESTEDA GROUP

AUDITORS' REPORT

INTRODUCTION

We have audited whether the accompanying abbreviated financial statements of Vesteda Woningen cv, Maastricht, Vesteda Woningen II cv, Maastricht and Vesteda Project bv, Maastricht, for the year 2009 as set out on pages 140 to 145 have been derived consistently from the audited financial statements of Vesteda Woningen cv, Maastricht, Vesteda Woningen II cv, Maastricht and Vesteda Project bv, Maastricht, for the year 2009. In our auditors' reports dated 24 February 2010 we expressed an unqualified opinion on these financial statements. The board of directors is responsible for the preparation of the abbreviated financial statements in accordance with the accounting policies as applied in the 2009 financial statements of Vesteda Woningen cv, Vesteda Woningen II cv and Vesteda Project bv. Our responsibility is to express an opinion on these abbreviated financial statements.

SCOPE

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the financial statements.

EMPHASIS OF MATTER

For a better understanding of the company's financial position and results and the scope of our audit, we emphasize that the abbreviated financial statements should be read in conjunction with the unabridged financial statements, from which the abbreviated financial statements were derived and our unqualified auditors' report thereon dated 24 February 2010. Our opinion is not qualified in respect of this matter.

Maastricht, 24 February 2010

Ernst & Young Accountants LLP

signed by J.M. Heijster RA

Annexes

Annex 1: Properties

The list below sets out the properties in the letting and Development portfolios. In line with the ROZ/IPD definition, all properties are allocated to the residential properties sector, as the residential share of the gross market rental value (for the Development portfolio: expected gross market rental) is greater than 50%. The units and values given for properties are (for the Development portfolio: are expected shortly to be) fully owned.

LEGENDA:

	Letting portfolio	Development portfolio
project:	Municipality, street name or name of first street (in alphabetical order), name of investment property name of investment property (or provisional development name), province (GR=Groningen, FR=Friesland, DR=Drenthe, OV=Overijssel, GD=Gelderland, UT=Utrecht, FL=Flevoland, NH=Noord-Holland, ZH=Zuid- Holland, NB=Noord-Brabant, ZL=Zeeland, LB=Limburg)	As for Letting portfolio
Year:	Year of construction (the year before the first year of full letting)	Expected year of hand-over
Land:	Percentage owned (versus leased)	As for Letting portfolio
u:	Number of residential properties (units)	As for Letting portfolio
fh:	Number of single-unit residential properties (units)	As for Letting portfolio
mo:	Number of multiple-residency properties (units)	As for Letting portfolio
ua:	Useable area of the residential properties (m² x 1000)	As for Letting portfolio
Office:	Office space (m²)	As for Letting portfolio
Retail:	Retail space (m²)	As for Letting portfolio
Park:	Parking and garage spaces (units)	As for Letting portfolio
Rent:	Theoretical gross annual rent (as at 31 December, thousands of euros)	As for Letting portfolio

LETTING PORTFOLIO – PROJECTS IN LETTING AND LETTING/SALE PHASE

project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	office	retail	park	rent
Aalsmeer, Edisonstraat; Proosdij (NH)	1983	100%	29	29		32		0	275	275
Abcoude, Ereprijs; Fluitekruid (UT)	1989	100%	75	50	25	68		0	639	639
Abcoude, Fluitekruid; Fluitekruid (UT)	1989	100%	54	31	23	52		0	463	463
Almere, Dek; Noorderplassen (FL)	2004	100%	31	31		47	180	0	354	354
Almere, Dijkmeent; De Meenten (FL)	1981	100%	145		145	121		0	967	967
Almere, Gleditsiastraat; Parkwijk (FL)	1995	100%	62	62		85		0	527	527
Almere, Harderwijkkoever; Boulevardflat (FL)	1984	100%	318		318	267		318	2,290	2.290
Almere, Havenhoofd; Havenhoofd (FL)	1986	100%	66		66	64		0	538	538
Almere, Jacques Tatilaan; Filmwijk (FL)	1998	100%	132	90	42	157		0	1,198	1.198
Almere, Jarenweg; Seizoenenbuurt (FL)	1999	100%	40	40		45		0	310	310
Almere, Koetsierbaan; Side by Side (FL)	2007	100%	154		154	166	82	156	2,329	2.329
Almere, Lotusbloemweg; Bloemenbuurt (FL)	1990	100%	59	59		67		0	520	520
Almere, Marktmeesterstraat; Centrum (FL)	1988	100%	240		240	215		83	1,672	1.672
Almere, Messiaenplantsoen; Muziekwijk (FL)	1990	100%	131		131	108		0	914	914
Almere, Nova Zemblastraat; Eilandenbuurt (FL)	2003	100%	43	43		49		0	403	403
Almere, Preludeweg; Muziekwijk (FL)	1994	100%	115	115		145		0	1,036	1.036
Almere, Raaigrasstraat; Kruidenwijk (FL)	1988	100%	90	90		104		0	712	712
Almere, Rondostraat; Muziekwijk (FL)	1992	100%	42	42		55	146.4	0	408	408
Almere, Simon Vestdijkstraat; Literatuurwijk (FL)	1998	100%	38	38		47		0	313	313
Almere, Slagbaai; Waterwijk (FL)	1983	100%	33	33		35		0	233	233
Almere, Terpmeent; De Meenten (FL)	1981	100%	48		48	42		0	334	334
Almere, Vrije Zeestraat; Oostvaardersbuurt (FL)	2001	100%	42	42		55		0	343	343
Almere-Stad, Quickstepstraat; Danswijk (FL)	1999	100%	54	54		60		0	422	422
Amersfoort, Blekerssingel; Willem III (UT)	1988	100%	34		34	29		0	276	276
Amersfoort, Bombardonstraat; Zielhorst H (UT)	1990	100%	36		36	29		0	279	279
Amersfoort, Bombardonstraat; Zielhorst M (UT)	1990	100%	32	32		32		0	266	266
Amersfoort, Bruggensingel-Zuid; Kattenbroek (UT)	1991	100%	134	79	55	158		0	1,235	1.235
Amersfoort, Groote Kreek; Kattenbroek Eiland (UT)	1993	100%	101	101		139		0	1,100	1.100
Amersfoort, Grote Koppel; Zeven Provincien (UT)	2004	100%	58		58	66		0	838	838
Amersfoort, Parelvisserspad; Schuilenburg (UT)	1969	100%	116	116		142			50	1,081
Amstelveen, Groenhof; Groenhof (NH)	1972	100%	220		220	184			31	1,639
Amstelveen, Westelijk Halfrond; Groenelaan (NH)	1974	100%	238		238	195			27	1,607
Amsterdam, Bert Haanstrakade; IJburg blok 8 (NH)	2009	lease	120		120	149	995		120	2,092
Amsterdam, Bijlmerdreef; Gerenstein-Gallery (NH)	2007	lease	96		96	94			0	936
Amsterdam, Bonhoeffersingel; Midden Akerveldsepolder (NH)	1989	lease	208	160	48	220			0	2,037
Amsterdam, Diopter; Jeugdland (NH)	1998	lease	53	53		66			0	568
Amsterdam, Galjootstraat; Steigereiland Noordbuurt blok C en F (NH)	2009	lease	118		118	119			136	1,601
Amsterdam, Gustav Mahlerlaan; Mahler 4 (NH)	2008	lease	174		174	209	2766	1629	198	7,995
Amsterdam, IJburglaan; Blok 4 (NH)	2003	lease	26		26	34			26	430
Amsterdam, IJburglaan; Blok 4 (NH)	2003	lease	13		13	28			13	305
Amsterdam, IJburglaan; De Ontdekking (NH)	2008	lease	43		43	47			43	626
Amsterdam, IJburglaan; De Uitkijk (Blok 34) (NH)	2005	lease	42		42	49			42	697
Amsterdam, Jan Puntstraat; Huizingalaan (NH)	1990	lease	167		167	149			127	1,704
Amsterdam, Jean Desmetstraat; IJburg blok 7 (NH)	2008	lease	12	12		14			12	193
Amsterdam, Joris Ivensstraat; De Waterlinie (NH)	2004	100%	41		41	44	419.1		58	710

project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	office	retail	park	rent
Amsterdam, Leusdenhof; Nellestein (NH)	1980	lease	275		275	250	506.6		317	1,981
Amsterdam, Mijndenhof; Mijndenhof (NH)	1984	lease	109	109		102			0	976
Amsterdam, Nieuw Herlaer; Nieuw Herlaer (NH)	1969	lease	55		55	66			30	777
Amsterdam, Pieter Calandlaan; Calandtoren (NH)	2004	lease	84		84	79	1569		84	1,086
Amsterdam, Pieter Postpad; De Drie Bouwmeesters fase A (NH)	2006	lease	83	37	46	95			48	981
Amsterdam, Purperhoedenveem; Boston (NH)	2006	lease	90		90	95			0	1,853
Amsterdam, Schagerlaan; Julianapark (NH)	1991	lease	226	40	186	206			16	2,537
Amsterdam, Snelleveldstraat; Reigersbos (NH)	1984	lease	153	153		144		51	0	1,369
Amsterdam, Veemkade; Detroit (NH)	2004	lease	81		81	107	2339.4		0	2,615
Amsterdam, Wethouder Abrahamspad; Wethouderbuurt (NH)	1986	lease	178	178		191	59.24		0	1,561
Amsterdam, Wethouder Driessenstraat; Wethouderbuurt (NH)	1987	lease	155	155		179			0	1,432
Amsterdam, Willy la Croihstraat; Midden Akerveldsepolder (NH)	1990	lease	230	182	48	268			0	2,210
Amsterdam, Withoedenveem; Parkeergarage Nieuw Amerika (NH)	2006	lease	0			0			284	367
Amsterdam, Wolbra ntskerkweg; Wolbrantskerkweg (NH)	2005	lease	108		108	76			82	684
Amsterdam, Zuidelijke Wandelweg; Mirandalaan (NH)	1998	100%	90		90	91	3400.81		92	1,380
Apeldoorn, Disselhof; Koning Stadhouderlaan (GD)	2009	100%	90		90	105			131	1,228
Arnhem, Amsterdamseweg; Rosorum (GD)	2009	100%	20		20	16	41.4		16	335
Arnhem, Ginnekenstraat; Kroonse Wal (GD)	1988	100%	30		30	26			0	224
Arnhem, Hooghalensingel; Vredenburg (GD)	1974	100%	187	187		236			10	1,558
Arnhem, Hoogvliethof; Elderveld 231 (GD)	1976	100%	77	77		90			25	554
Assen, Aardbeihof; Kloosterhoven (DR)	2004	100%	4	4		6			0	46
Assen, Groenkampen; Peelo (DR)	1986	100%	64	64		78			0	428
Assen, Roegoorn; Marsdijk (DR)	1990	100%	43	43		43			0	362
Assen, Zuidhaege; Zuidhaege (DR)	1997	100%	60		60	57			56	573
Beek, Kastanjelaan; Beatrixlaan (LB)	1983	100%	24	24		26			0	179
Bergen Op Zoom, Agger; Bergse Plaat Fa II (NB)	1993	100%	52	52		62			0	477
Bergen Op Zoom, Agger; Bergse Plaat Fa V (NB)	1995	100%	30	30		41			0	300
Bergen Op Zoom, Ansjovislaan; De Weer (NB)	1994	100%	130		130	143			54	1,298
Bergen op Zoom, Ansjovislaan; Laguna (NB)	2008	100%	33		33	38			33	385
Bergen op Zoom, Ansjovislaan; Villa Murano (NB)	2009	100%	17		17	18			17	187
Bergen Op Zoom, Duvenee; Bergse Plaat Fa I (NB)	1991	100%	92	92		111			0	777
Bergen op Zoom, Statietjalk; Landmark (NB)	2004	100%	36		36	42			36	418
Bergen Op Zoom, Zandstraat; Leemberg (NB)	1975	100%	32	32		28			0	207
Blaricum, Dam; De Byvanck (NH)	1975	100%	102	102		108			0	954
Breda, Argusvlinder; Argusvlinder (NB)	1999	100%	64		64	42			0	350
Breda, Blauwtjes; Waterjuffer (NB)	1999	100%	36		36	33			5	331
Breda, Lachappellestraat; Lachappellestraat (NB)	1961	100%	72		72	47			18	480
Breda, Lovensdijkstraat; Vredenbergh (NB)	2001	100%	102		102	75	5677.5		0	1,430
Breda, Nonnenveld; Paleis (NB)	2005	100%	86		86	112			86	1,300
Brummen, Buizerdstraat; De Enk (GD)	1974	100%	58	58		70			6	455
Bunnik, Esdoorn; Dalenoord VII (UT)	1989	100%	39	23	16	35			0	300
Capelle a/d IJssel, Doelen; Doelen en Louvre (ZH)	1983	100%	72	72		71			0	567
Capelle a/d IJssel, Librije; Hermitage (ZH)	1983	100%	49	49		48			0	382
Capelle a/d Ijssel, Rigoletto; Louvre/Rigoletto (ZH)	1983	100%	76		76	58			0	509
Capelle a/d Ijssel, Sint Helenabaai; Ijsselzicht (ZH)	1978	100%	217		217	136			0	1,493
Capelle a/d Ijssel, Slotplein; Slotplein (ZH)	1997	100%	80		80	86			0	791
Culemborg, Akelei; Voorkoop (GD)	1985	100%	45	45		55			0	392
De Bilt, Hugo van der Goeslaan; De Leyen (UT)	1989	100%	48		48	33			0	359
Den Bosch, Bordeslaan; Paleiskwartier (NB)	2004	100%	27		27	35			34	436
The Hague, Prins Willem Alexanderweg; La Fenetre (ZH)	2005	lease	115		115	141	235		118	2,177
Deurne, Appeldijk; Den Heiakker (NB)	1983	100%	13	13		15			0	94
Deventer, Bitterzoet; Colmschate (OV)	1984	100%	100	100		115			0	717
Diemen, Biesbosch; Biesbosch (NH)	1978	100%	148	148		192			0	1,551
Diemen, Hartschelp; Hartschelp (NH)	1983	100%	62	62		66			0	659
Diemen, Polderland; Diemen Zuid (NH)	1986	100%	169	169		183			0	1,536
Doetinchem, Boekweitdreef; De Huet (GD)	1983	100%	109	109		122			0	765
Doetinchem, Lorentzlaan; Boerhaavelaan (GD)	1973	100%	182	182		235			0	1,329
Dordrecht, Van Ravesteyn-lease; Groene Oever (ZH)	1995	100%	84		84	77			0	810
Duiven, Thuvinestraat; Eltingerhof (GD)	1975	100%	97	97		109			0	640
Eindhoven, Bisschopsmolen; Woenselse Watermolen (NB)	1988	100%	220	202	18	252			0	2,007
Eindhoven, Cassandraplein; Cassandraplein (NB)	2008	100%	30		30	41		342	32	487
Eindhoven, Generaal van Merlenstraat; Rapenland (NB)	1984	100%	112	25	87	87			9	819
Eindhoven, Monseigneur Swinkelstraat; Kloosterdreef (NB)	2008	100%	36		36	40			36	428
Eindhoven, Opwettensemolen; Opwettensemolen (NB)	1986	100%	178		178	133			110	1,400
Eindhoven, Smalle Haven; Vestedatoren (NB)	2006	100%	42		42	55	950.3		81	937
Eindhoven, Tesselschadelaan; Granida (NB)	2004	100%	30		30	39			48	547
Eindhoven, Tongelresestraat; Picushof (NB)	2001	100%	58	22	36	60			0	611
Eindhoven, Venbergsemolen; Venbergsemolen (NB)	1989	100%	134		134	112			0	1,091

project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	office	retail	park	rent
Emmen, Eidereend; Eendenveld (DR)	1990	100%	33	33		32			0	266
Emmen, Klepel; Ermerstede (DR)	1990	100%	40		40	36			45	370
Enschede, Bontweverij; Carre (OV)	1990	100%	76		76	55			0	540
Enschede, Mooienhof; Mooienhof (OV)	2003	100%	87		87	90		876.5	0	907
Enschede, Walkottelanden; Stroinkslanden (OV)	1982	100%	44	44		48			0	332
Geldrop, Herdersveld; Grote Bos (NB)	1978	100%	95	95		97			0	778
Geleen, Dassenkuillaan; Dassenkuil II (LB)	1988	100%	13	13		14			0	97
Geleen, Schrynwerkersd; Dassenkuil I (LB)	1987	100%	15	15		16			0	114
Gorinchem, Kalkhaven; Dalempoort (ZH)	1978	100%	19		19	13		344.3	2	121
Grave, Estersveldlaan; Estersveld (NB)	1972	100%	46	46		55			29	338
Groningen, Amethisstraat; Vinkhuizen (GR)	1969	100%	69	69		86			0	475
Groningen, Bloemersmaborg; Klein Martijn (GR)	1997	100%	28		28	29			0	302
Groningen, Briljantstraat; Vinkhuizen I (GR)	1969	100%	45	45		55			28	313
Groningen, Goudlaan; Vinkhuizen II (GR)	1972	100%	26	26		32			0	183
Groningen, Steenhouwerskade; Zuiderhavenring (GR)	1982	100%	53		53	47			92	532
Groningen, Steenhouwerskade; Zuiderhavenring (GR)	1983	100%	70		70	56			0	542
Groningen, Van Goghstraat; Waterrand (GR)	1994	100%	72		72	59			73	634
Groningen, Zuiderweg; Hoogkerk (GR)	1976	100%	141	141		145			37	928
Haarlemmermeer, Boekestraat, Jacob; Warande (NH)	1969	100%	49	49		56			35	479
Heemstede, Floradreef; Prinseneiland (NH)	1990	100%	38	38		43			0	344
Heerenveen, Barten; Nye Haske (FR)	1987	100%	69	69		80			0	525
Heerenveen, Poststraat; Poststraat (FR)	1995	100%	52		52	49			0	456
Heerlen, Dillegaard; Douve Weien (LB)	1983	100%	85		85	61			15	511
Heerlen, Drieoortsput parkeerplaats; Douve Weien 2 (LB)	1979	100%	74		74	45			67	383
Heerlen, Marjoleingaard; Douve Weien (LB)	1982	100%	60	60		65			0	444
Heerlen, Palestinastraat; Giesen-Bautsch (LB)	1980	100%	46	46		49			0	342
Heerlen, Poelmanstraat; Douve Weien 1 (LB)	1978	100%	161	161		174			0	1,290
Heerlen, Putgraaf; Putgraaf Residentie (LB)	1982	100%	93		93	71			175	792
Heerlen, Putgraaf; Putgraaf Residentie (LB)	1989	100%	66		66	59	78.5		75	638
Heerlen, Sint Pietershof; Klein Vaticaan (LB)	2004	100%	36		36	42			40	492
Hengelo, 't Swafert; 't Swafert (OV)	2000	100%	417		417	98			0	2,053
Hengelo, Algonquin; Thiemsland (OV)	2004	100%	34		34	40			0	434
Hengelo, Jan van Galenstraat; Gerarduspark (OV)	1995	100%	44		44	35			0	354
Hillegom, J.Prinsheem; Prinsheem (ZH)	1983	100%	64	64		67			0	589
Hillegom, L. van Deysselaan; L. van Deysselaan (ZH)	1983	100%	36	36		38			0	320
Hilversum, Loosdrechtse Bos; Resort Zonnestraal (NH)	2004	100%	42		42	62			0	1,109
Hoogezand-Sappemr, Gerbrandyhof; Drevenborg (GR)	1991	100%	44		44	37			0	334
Huis ter Heide, Ruysdaellaan; De Horst (UT)	2003	100%	51		51	28			0	804
Huizen, Herik; Huizermaat-West (NH)	1976	100%	199	199		186			29	1,854
Kerkrade, Mynwg; Straterweg (LB)	1987	100%	45	45		46			0	340
Leeuwarden, De Malus; Zuiderplantage (FR)	2007	100%	31		31	29			0	275
Leeuwarden, Frittemastate; Camminghaburen (FR)	1989	100%	42	42		42			0	355
Leeuwarden, Frittemastate; Groene Hart (FR)	1986	100%	134	134		155			4	952
Leeuwarden, Krommezijl; Zuiderburen (FR)	2005	100%	36		36	44			36	371
Leeuwarden, Stizenflora; Aldlan Oost (FR)	1977	100%	160	160		165			11	1,148
Leeuwarden, Ubbemastins; Parkflat (FR)	1987	100%	62		62	54			0	439
Leiden, Julius Caesarlaan; Roomburg (ZH)	2008	100%	26		26	31			29	432
Leiden, Parkzicht; Merenwijk (ZH)	1979	100%	236		236	177			2	1,608
Leiden, Zuster Meijboomstraat; Stevenshof (ZH)	1991	lease	99		99	81			0	840
Leiderdorp, Laan van Berendrecht; Parkpromenade Be-rendrecht (zH)	2004	100%	72		72	102		527.11	0	1,197
Leiderdorp, Lokhorst; De Horsten (ZH)	1970	100%	92		92	90			31	728
Leiderdorp, Roodborststraat; Vogelwijk (ZH)	1972	100%	65		65	53			19	459
Leiderdorp, Waterleliekreek; Voorhof (ZH)	1978	100%	227	107	120	230			9	1,857
Leidschendam, Neherpark; Neherpark (ZH)	2009	100%	30		30	32			35	560
Leidschendam, Schadeken; 't Lien (ZH)	1985	100%	127	127		135			0	1,316
Lelystad, Kogge; De Kogge I (FL)	1977	100%	61	61		70			0	450
Lelystad, Kogge; De kogge II (FL)	1977	100%	60	60		67			0	438
Lelystad, Tjalk; Gebied 243 (FL)	1981	100%	145	145		147			0	900
Leusden, Hertenhoeve; Centrum (GD)	1979	100%	40	40		37			14	345
Maarssen, Proostwetering; Op Buuren blok 7 (UT)	2009	100%	23		23	28			33	383
Maastricht, Akerstraat; Céramique (LB)	1993	100%	175		175	161	206.7		136	1,548
Maastricht, Avenue Céramique; Toren van Siza (LB)	2001	100%	40		40	47	714		0	809
Maastricht, Avenue Céramique; Wiebengahal (LB)	2006	100%	0			0	3190	173	0	380
Maastricht, Bellefroidlunet; Stoa (LB)	2002	100%	66		66	104	95.39		89	1,683
Maastricht, Boschcour; blok 22 Céramique (LB)	2007	100%	85		85	106	859.6		121	1,459
Maastricht, Boschcour; blok 22 Céramique (LB)	2007	100%	7		7	11			0	120
Maastricht, Ellecuylgaard; Eyldergaard (LB)	1982	100%	27	27		32			0	225
Maastricht, Erasmusdomein; Randwijck (LB)	1986	100%	109		109	85			20	839

project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	office	retail	park	rent
Maastricht, Heerderweg; Heerderweg (LB)	1985	100%	202		202	145			107	1,378
Maastricht, Heugemerweg; blok 19 ceramique (LB)	1999	100%	0			0		68	0	5
Maastricht, Heugemerweg; Cortile (LB)	1999	100%	30		30	29			0	518
Maastricht, Kasteel Caestertstraat; Nazareth (LB)	1987	100%	27	10	17	21			22	177
Maastricht, Papenweg; St. Pieter (LB)	2008	100%	7		7	9		445	1	223
Maastricht, Plein 1992; Residence (LB)	2000	100%	33		33	36			8	424
Maastricht, Prins Bisschopsingel; WML-gebouw (LB)	2009	100%	25		25	37			37	569
Maastricht, Savelsbosch; Vroendaal (LB)	2003	100%	15	15		26			0	235
Maastricht, Sphinxlunet; Cortile (LB)	1999	100%	37		37	39	466		0	495
Maastricht, Sphinxlunet; Cortile (LB)	2002	100%	120		120	126			0	1,419
Maastricht, Sphinxlunet; Cortile Parking (LB)	1999	100%	0			0			222	222
Maastricht, Via Regia; Via Regia (LB)	1977	100%	71		71	46			82	380
Middelburg, Touwbaan; Maisbaai Fase I (UT)	1990	100%	58		58	59			55	532
Nieuwegein, Hermesburg; Batau Noordrand (UT)	1988	100%	56	56		57			0	485
Nieuwerkerk Ijssel, Bladmos; Zuidplaspolder (ZH)	1979	100%	58	58		62			0	470
Nieuw-Vennep, Haendelplein; Getsewoud (NH)	2002	100%	76		76	57			0	589
Nijmegen, Lankforst; Lankforst (GD)	1969	100%	83	83		105			24	651
Nijmegen, Nw marktstraat; Kronenburger (GD)	1991	100%	148		148	141	323.3		7	1,541
Nijmegen, Rode kruislaan; Park Heyendaal (GD)	1996	100%	92		92	95			0	1,014
Nijmegen, Weezenhof; Weezenhof (GD)	1972	100%	145	145		175			43	1,275
Noordwijk, Fuikhoren; Fuikhoren (ZH)	1985	100%	67	67		75			0	562
Noordwijk, Schaalhoren; Schaalhoren (ZH)	1983	100%	66	66		72			0	569
Oosterhout, Beethovenlaan; Oosterheide 2 (NB)	1971	100%	29	29		41			13	239
Oosterhout, Verdistraat; Oosterheide 1 (NB)	1969	100%	34	34		43			16	261
Oss, Kerkstraat; Boschpoort (NB)	1982	100%	18		18	13		954.76	54	196
Ouder-Amstel, Clarissenhof; Clarissenhof (NH)	1977	100%	101	101		101			8	985
Papendrecht, Pontonniersweg; Buitenwaard (ZH)	1991	100%	65		65	73			21	721
Purmerend, Cocqgracht; De Purmer (NH)	1983	lease	96	96		86			0	677
Renkum, Graaf van Rechterenweg; Rechterenborg (GD)	1993	100%	62		62	57			39	638
Rhoon, Marskramer; Baljum (ZH)	1982	100%	67	67		80			0	569
Rijswijk, BeatriHlaan, Prinses; Prinses Beatrixlaan (ZH)	1975	100%	339		339	277		214	307	2,559
Rijswijk, Churchilllaan; Churchilllaan (ZH)	1969	100%	215		215	241			19	2,017
Rijswijk, Clavecimbellaan; Clavecimbellaan (ZH)	1974	100%	160		160	172			58	1,418
Rijswijk, Hilvoordestraat; Over De Boogaard (ZH)	1979	100%	122		122	63			0	765
Roermond, Ambachtsingel; Hoogvonderen (LB)	1981	100%	55	55		64			0	370
Roermond, Dionisiusstraat; Ursula (LB)	1986	100%	290		290	217	4962.16		341	2,399
Roosendaal, Dolomietdijk; Kortendijk Oost I (NB)	1981	100%	26	26		30			0	186
Roosendaal, Pastoor van Akenstraat; Molenbeekstraat (NB)	1970	100%	29	29		38			7	219
Rosmalen, Leyborch; Dommelborch (NB)	1985	100%	60	60		65			0	447
Rotterdam, Admiraal de Ruyterweg; Linker Rottekade (ZH)	1985	lease	246		246	149		276.35	158	1,577
Rotterdam, Admiraliteitskade; Oostmolenwerf (ZH)	1994	lease	86		86	77		490	68	1,043
Rotterdam, Boompjes; De Boompjes I (ZH)	1988	lease	336		336	230	6191.5	1015	283	3,616
Rotterdam, Bottelroos; Heydnahof (ZH)	1983	lease	161	161		175			0	1,555
Rotterdam, Buitenbassinweg; Buitenbassinweg (ZH)	1991	lease	103		103	86			0	798
Rotterdam, Burg. van Walsumweg; Burg. van Walsumweg (ZH)	1989	lease	270		270	219		1729	206	2,449
Rotterdam, Cromme Meth; Cromme Meth (ZH)	1987	lease	29	29		29			0	225
Rotterdam, De Boompjes; De Boompjes II (ZH)	2001	lease	0			0	1479.9		0	179
Rotterdam, Den Uylsingel; Dosiotoren (ZH)	1989	lease	90		90	71			0	637
Rotterdam, Gedempte Zalmhaven; De Hoge Heren (ZH)	2000	lease	160		160	191	482		330	2,731
Rotterdam, Gedempte Zalmhaven; De Hoge Heren, serviced app. (ZH)	2001	100%	51		51	61			0	1,148
Rotterdam, Govert Terlouwstraat; Ringvaartplasbuurt (ZH)	1990	lease	58	58		63			0	567
Rotterdam, Govert Terlouwstraat; Ringvaartplasbuurt (ZH)	1991	lease	42	42		47			0	439
Rotterdam, Hamelpad; Sneevlietstraat (ZH)	1984	lease	52	52		50			0	404
Rotterdam, Ien Daleshof; Parktoren (ZH)	2009	100%	47		47	52	334		66	766
Rotterdam, Kouwenbergzoom, Clazina; Loreleiflat (ZH)	1992	lease	66		66	57			0	599
Rotterdam, Nieuwehaven; Nieuwehaven (ZH)	1991	lease	89		89	79		601	40	966
Rotterdam, Stekelbrem; Brembuurt (ZH)	1973	100%	155	155		201			34	1,706
Rotterdam, Strevelsweg; Poort Van Zuid (ZH)	1994	lease	110		110	100	230.9		96	955
Rotterdam, Ton Wijkampstraat; Zevenkamp (ZH)	1988	lease	49	49		53			0	455
Rotterdam, Watertorenweg; Watertorenweg (ZH)	1990	lease	118		118	108			0	925
Rotterdam, Wierdsmaplein/Landverhuizersplein; Montevideo (ZH)	2005	lease	68		68	84			68	1,458
’s-Gravenhage, Laakweg; Piazza (ZH)	1998	lease	73		73	69			58	573
Sassenheim, Caleche; Brik (ZH)	1986	100%	61	61		64			0	523
Sassenheim, Landauer; Berline en Landauer (ZH)	1985	100%	42	42		44			0	368
Schagen, Fazantenhof; Fazantenhof (NH)	1973	100%	78	78		101			0	687
Schagen, Patrijzenhof; Patrijzenhof (NH)	1973	100%	91	91		117			0	790
Schiedam, Chopinplein; Groenoord (ZH)	1971	100%	444		444	395	35		36	2,978
’s-Gravenhage, De Brink; Kraayenstein I (ZH)	1975	100%	136	8	128	107			111	975

project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	office	retail	park	rent
's-Gravenhage, Domburglaan; Deltaplein (ZH)	1972	100%	156		156	115			45	1,281
's-Gravenhage, Noorderbrink; Kraayenstein II (ZH)	1975	100%	224	224		270			0	2,553
's-Hertogenbosch, Kruiskampsingel; Meanderflat (NB)	1968	100%	158		158	136			46	1,180
's-Hertogenbosch, Natewischstede; Maaspoort (NB)	1987	100%	51	51		48			0	412
's-Hertogenbosch, Pisastraat; Pisastaete (NB)	1989	100%	68		68	54			68	558
Sittard, Blijdestein garage; Kollenbergerhof I (LB)	1986	100%	76		76	54			26	520
Sittard, Kleine Steeg; Wilhelminastraat (LB)	1993	100%	63		63	66	313		67	664
Sittard, Kollenberg; Kollenbergerhof III (LB)	1988	100%	56	56		63			0	441
Sittard, Ruttenlaan; Kollenbergerhof II (LB)	1987	100%	52		52	38			78	360
Stiens, St. Vitusplein; Sint Vitusplein (FR)	1999	100%	30		30	21			0	167
Susteren, Raadhuispln; Middelveld (LB)	1983	100%	14	14		12			0	97
Tegelen, Waterloostraat; Domein Moubis (LB)	2004	100%	15		15	21			21	217
Tilburg, Anna Paulownahof; Anna Paulonahof (NB)	1989	100%	230		230	162	94		54	1,568
Tilburg, Buxusplaats; Holland-terrein (NB)	2007	100%	99		99	112	700		120	1,319
Tilburg, Friezenlaan; Friezenlaan (NB)	1982	100%	54		54	50			38	522
Tilburg, Hillegomlaan; Reeshof (NB)	1990	100%	56	56		73			0	450
Tilburg, Schoolstraat; Elegance (NB)	1989	100%	174		174	140			45	1,305
Vaals, Bloemendalstraat; Bloemendal (LB)	1998	100%	52		52	47			12	483
Valkenburg, Cauberg; Caubergklooster (LB)	2007	100%	41		41	27			0	734
Valkenburg Ad Geul, Oranje Nassau; Nassauflat (LB)	1982	100%	88		88	59			87	574
Valkenburg Ad Geul, Spoorlaan; De Valk/Spoorlaan (LB)	1994	100%	34		34	34			27	295
Velsen, Maanbastion; Maanbastion (NH)	1990	100%	126		126	92			44	1,060
Velsen, Sterbastion; Sterbastion (NH)	2001	100%	70		70	66			0	598
Venlo, Gebroeders Daelstraat; Groeneveld II (LB)	1991	100%	89	17	72	85			0	620
Venlo, Ginkelstraat; De Lunet (LB)	2003	100%	11		11	13	330		11	176
Venlo, Gruttostraat; Centrum-Zuid (LB)	1995	100%	32	32		43			0	296
Venlo, Gruttostraat; Centrum-Zuid (LB)	1997	100%	30		30	31			43	215
Venlo, Harry Hollastraat; Groeneveld (LB)	1989	100%	53	53		64			0	436
Venlo, Harry Hollastraat; Groeneveld IV (LB)	1993	100%	45	45		55			0	414
Venlo, Klingerbergsingel; Klingerberg (LB)	1984	100%	42	42		48			0	304
Venlo, Morion; Centrum-Zuid (LB)	2000	100%	31	31		36			0	248
Venlo, Seinestraat; Maaswaardstaete (LB)	1998	100%	32		32	36			36	386
Vleuten, Molenpolder; Meiborg (UT)	2003	100%	28		28	43			14	493
Vleuten, Molenpolder; Weideborg (UT)	2003	100%	32		32	33	151.8		0	399
Vleuten-De Meern, Ridderhoflaan; Secr.Versteeglaan (UT)	1969	100%	170	170		203			9	1,611
Voorburg, Distelweide; Distelweide (ZH)	1974	100%	40	40		45			14	524
Voorburg, Johan David Zocherstraat; Nieuw Park Leeu-wensteijn (ZH)	2006	100%	56		56	59			57	833
Voorburg, Johan David Zocherstraat; Nieuw Park Leeu-wensteijn (ZH)	2006	100%	53		53	55			54	804
Voorburg, Kersengaarde; Kersengaarde (ZH)	1976	100%	246	246		297			0	2,989
Voorburg, Populierendreef; Populierenlaan (ZH)	1975	100%	130		130	91			167	882
Voorburg, Rodelaan; Rodelaan (ZH)	1976	100%	159		159	114			82	1,128
Voorhout, Zwanebloemstraat; Bloemenschans (ZH)	1985	100%	49	49		56			0	448
Wassenaar, Professor Molenaarlaan; Zijlwatering (ZH)	1972	100%	93	93		124			0	1,050
Wassenaar, Van Polanenpark; Zijlwatering (ZH)	1972	100%	81	81		113			58	988
Wassenaar, van Wassenaer Obdamlaan; Zijlwatering (ZH)	1992	100%	32	32		43			0	520
Weert, Ceres; Beekpoort (LB)	2009	100%	40		40	41			40	505
Wijchen, Abersland; Abersland (GD)	1987	100%	86	86		87			0	688
Wijchen, Abersland; Abersland (GD)	1988	100%	36	36		40			0	282
Zoetermeer, Bordeauxstraat; Frankrijklaan (ZH)	1987	100%	51	51		52			0	460
Zoetermeer, Bunuelstrook; Buytenwegh De Leyens (ZH)	1979	100%	386	347	39	447		171.5	9	3,246
Zoetermeer, Dunantstraat; Blankaard (ZH)	1973	100%	160		160	104		344	0	945
Zoetermeer, Dunantstraat; Molenwijk (ZH)	1973	100%	179		179	157		805	205	1,241
Zoetermeer, Gaardedreef; Seghwaert (ZH)	1978	100%	32	32		37			0	280
Zoetermeer, Heijermanshove; Buytenwegh De Leyens (ZH)	1979	100%	125	48	77	115			0	933
Zoetermeer, Reimsstraat; Reimsstraat (ZH)	1987	100%	108		108	82			108	952
Zoetermeer, Zilverberg; Meerzicht (ZH)	1975	100%	81	81		97			123	775
Zutphen, Verdistraat; Gerard Doustraat (GD)	2007	100%	34		34	43			34	463
Zwolle, Schie; AA Landen (OV)	1969	100%	210	210		256			122	1,878
Zwolle, Stadhouderlaan; Oldenelerlanden (OV)	1988	100%	111	111		128			0	905
Zwolle, Tak van poortvlietware; Ittersumerlanden (OV)	1987	100%	39	39		40			5	300
Zwolle, Van bosseware; Ittersumerlanden (OV)	1984	100%	158	158		188			0	1,179
Total Letting portfolio			**27,243**	**11,074**	**16,169**	**26,933**	**40,601**	**11,056**	**9,699**	**261,036**

project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	office	retail	park	rent
development portfolio – projects in construction phase										
Amersfoort, Puntenburg (NH)	2011	100%	121		121	13	135		127	1,705
Amsterdam, Overhoeks Blok B11 (NH)	2011	lease	79		79	9			111	1,911
Breda, 3 Hoefijzers (NB)	2011	100%	42		42	5			46	653
Breda, Vredenbergh (NB)	2011	100%	124		124	14			186	2,623
The Hague, Hubertusstaete (ZH)	2010	100%	24		24	3			29	735
Eindhoven, Cassandraplein (NB)	2010	100%						643		70
Groningen, Reitdiep Haven (GR)	2010	100%	47		47	5			47	517
Maarssen, Op Buuren blok 10A (UT)	2010	100%	10		10	1		410	12	215
Maarssen, Op Buuren Blok 3 (UT)	2010	100%	18		18	2			33	399
Maarssen, Op Buuren Blok 6 (UT)	2011	100%	27		27	3			34	615
Maastricht, Maison Ceramique (LB)	2010	100%	18		18	4			26	436
Roermond, Casimir (LB)	2010	100%	59		59	7			71	814
Rotterdam, New Orleans (ZH)	2010	100%	187		187	19	4,522	450	214	4,444
Rotterdam, Parkkwartier Katendrecht (ZH)	2010	100%	27		27	3			28	293
Wageningen, Haagsteeg (GE)	2010	100%	28		28	3			28	443
Wageningen, Nobelpark (GE)	2010	100%	28		28	3			28	355
Woerden, Heeren van Woerden (UT)	2010	100%	46		46	4			70	544
Total Development portfolio – projects in construction phase			**885**	**0**	**885**	**98**	**4,657**	**1,503**	**1,090**	**16,772**

project (municipality, first street name, project name, province)	year	land	u	fh	mo	ua	office	retail	park	rent
development portfolio – projects in transfer phase										
Amsterdam, Noordbuurt Blok A, Tjalk (NH)	2009	lease	26		26	4	506	166	46	119
Maastricht, Céramique 30A1 (LB)	2010	100%						435		52
Maastricht, Poort Waerachtig (LB)	2010		1	1						
Venlo, De Commissaris (LB)	2010	100%	4		4	0			4	51
Total Development portfolio – projects in transfer phase			**31**	**1**	**30**	**4**	**506**	**601**	**50**	**222**

Annex 2: Vesteda's history

Vesteda was formed in **1998**. Vesteda was created as a result of the reorganisation of ABP's property portfolio. For several years, Stichting Pensioenfonds ABP had been pursuing a strategy designed to spread its property investments more widely and increase the liquidity of its property portfolio. ABP consequently decided to convert its direct investments in property into minority interests in property funds investing in specific sectors. The hiving-off of ABP's residential property portfolio resulted in the establishment of Vesteda in 1998.

In **1999**, Vesteda refocused its strategy. The decision to specialise in the higher-rent sector marked the start of the changes in product development and organisation.

In **2000**, customer information combined with social and demographic projections resulted in the portfolio being divided into a core portfolio and a disposals portfolio. The disposals portfolio contained about 30% of the properties. A steering group was also formed in 2000, in which the Vesteda Managing Board and the investor, ABP shaped the strategy which led to the reduction of ABP's full interest to a participating interest. It was ultimately decided to place unlisted shares with institutional investors.

2001 was dominated by preparations for a series of transactions. A memorandum of information was issued to enable a group of large institutional investors to acquire an interest in Vesteda. There was also legal and fiscal restructuring to allow new investors to participate. Approximately 30% of shareholders' equity was converted into loan capital before ultimately being financed externally. An internal restructuring was implemented in line with the strategy. Vesteda Project bv was incorporated in December 2001.

During **2002**, ING Real Estate acquired an interest of 25% in Vesteda. Soon afterwards, agreements were signed with six other institutional investors who acquired a total interest of 13%. ABP's interest was then 62%. The loan capital was refinanced by three to seven-year bonds. Vesteda raised €1.4 billion on the capital market. Vesteda was granted triple-A rating by the three main credit rating agencies.

In **2003**, Vesteda took a major step in its long-term organisational growth, with property management – which was previously subcontracted – being brought into the company's own management. About 100 people joined the company, increasing the workforce significantly. At the end of 2003, over 90% of Vesteda's portfolio was served by in-house property management.

2004 was a year of further organisational consolidation, after years of growth. Vesteda Project bv started property hand-overs, meaning that substantially more homes were let for the first time. A partial refinancing of €400 million was carried out in April.

In **2005**, the organisational consolidation continued. The number of homes being let for the first time increased. The entire capital was refinanced in July.

In **2006**, the portfolio was reduced to 28,000 units. The strategy was refined and the model portfolio, which sets the framework for the investment policy to 2015, adjusted. The total return of 14.7% on shareholders' equity was the highest for the past five years.

In **2007**, €320 million of shares were reissued. Three new investors joined Vesteda. Loan capital was expanded by €350 million. A total of 1,600 residential properties were added, 1,050 through the acquisition of a portfolio. In 2007, the balance sheet total passed the €5 billion mark for the first time.

In **2008**, the Letting portfolio was revalued downwards for the first time in Vesteda's history, by 2.4%. Although its value rose by €151 million during the first three quarters, the reduction in the fourth quarter was €267 million. There were two new investors. Partial refinancing of €150 million was achieved to redeem bonds of €200 million. A credit facility of €140 million as also arranged for Vesteda Project bv.

Annex 3: IVBN transparency guidelines

The Association of Institutional Property Investors in the Netherlands (IVBN) has drawn up a large number of practical recommendations for annual reporting, with the aim of considerably enhancing transparency in annual reports in the property industry. The recommendations were published in the 'Recommendations for Annual Reporting' report (*Aanbevelingen voor de Jaarverslaglegging*) in January 2005 and have applied since the financial year 2005 to IVBN members which are responsible for at least one specific, independent property fund with more than one investor and/or which publish an annual report on a property fund.

Vesteda adopted the recommendations from 2005 and so the report of the Managing Board now includes new tables which only show figures for the years since then.

In 2006, IVBN carried out an evaluation that resulted in the publication of an addendum in January 2007.

The table beside shows how Vesteda is applying the guidelines. Vesteda adopted the recommendations in the addendum from 2006.

Since 2007, Vesteda has also presented the individual properties in the Development portfolio (see also Annex 1 on page 155.

Vesteda was rated 95% in the last Annual Report reviewed (for 2008) by IVBN.

Application of IVBN guidelines
Recommendations for annual reporting, January 2005
Addendum to 'Recommendations for annual reporting', January 2007

IVBN definition portfolio	**level**	**Vesteda definition**
Letting portfolio	Portfolio	Letting portfolio
	sub-portfolio	single-unit and multiple residency properties
ine portfolio	Portfolio	Development portfolio/ transfer and construction phases

Vesteda's definitions are explained in more detail on page 158.

If it is decided to follow the IVBN recommendations and this has been stated, the annual report has to note any departures from them. Vesteda is following all the recommendations in the report and the addendum.

Annex 4: Definitions

1st phase of Vesteda Start up and setting the direction (1998 to 2000). Vesteda started as a wholly-owned subsidiary of the ABP, was financed exclusively by equity, had about 50,000 homes in its portfolio and employed over 60 people. In the initial period of three years, Vesteda was incorporated and hived-off and the strategy and later restructuring were developed.

2nd phase of Vesteda Restructuring, growing organisation and a broader investor base (2001 to 2006). Features of this period were implementation of the strategy, with the focus on the contribution of external funding, broadening Vesteda's ownership, incorporating Vesteda Project bv and insourcing property management. In this period, the workforce tripled, about 33% of the equity was replaced by external funding and over half of the remaining equity was taken over by new investors.

3rd phase of Vesteda Mature player in the 'deregulated sector' of the rental segment (2007 to 2011). Ten years after incorporation, Vesteda is market leader in the higher rental segment, has a well diversified investor base of over fifteen investors, triple-A rated bonds and its own project development and management in house. Vesteda has about 350 employees.

4th phase of Vesteda New horizon (2012 to 2020). This refers to the period after 2012 or the Vesteda Horizon 2012-2020 project, in which the strategy for that period will be shaped. When the second and subsequent investors joined Vesteda property investment fund it was decided that after ten years, in 2012, there would be consultations on the way the fund could enter a new phase. Options included continuing in the same way, a stock market flotation or investors withdrawing.

Asset management Management of assets, with responsibility for the risk/return profile of the investments in the medium term as well as for annual performance.

Core areas Housing market areas that Vesteda focuses on.

Development portfolio All properties in which Vesteda has decided to invest, or is or will be preparing an investment decision, but which are not fully available for letting or handed over.

Development portfolio, construction phase Projects on which Vesteda has taken a development decision and where building work has started, but which have not yet been let or handed over. See also the Classification of the portfolio on page 74.

Development portfolio, development phase Projects based on acquisition agreements or other contracts for area developments or other forms of alliances or acquisitions where Vesteda is or will be preparing a development decision. See also the Classification of the portfolio on page 74.

Development portfolio, preparatory phase Projects on which Vesteda has taken a development decision, which are being prepared for construction and on which building work has not yet started. See also the Classification of the portfolio on page 74.

Development portfolio, transfer phase Projects that have been handed over and are waiting for sale or still not being let as they are not yet ready for letting. See also the Classification of the portfolio on page 74.

HBV Tenants' Association

Investor Limited partner with a shareholding (Shareholder) or direct interest (Limited partner)

Investors Shareholders and limited partners in Vesteda

Investment level The unit in which Vesteda Project bv's new construction targets and achievements are measured, consisting of investing on a cash basis and actual new construction where cash expenditure occurs at the end of the work.

Letting portfolio, letting phase All fully-completed and let property complexes owned by Vesteda entities and on which no decision to dispose has been taken. See also the Classification of the portfolio on page 74.

Letting portfolio, selling/letting phase All fully-completed and let property complexes owned by Vesteda entities and on which a decision to dispose has been taken. See also the Classification of the portfolio on page 74.

Limited partner Limited partner with a direct interest in Vesteda

Management expenses of Vesteda Woningen Expenses which are incurred by the management organisation for the management of Vesteda Woningen I cv and Vesteda Woningen II cv.

Memorandum of information The memorandum of information dated 6 November 2001 providing information on Vesteda in the context of professional investors' possible participation in Vesteda.

More expensive/higher-rental sector Residential property market for rental properties with a net monthly rent of over €600, excluding service charges. Some sources use figures between €600 and the deregulation limit of €647.53.

Occupancy rate The number of residential properties actually generating rental income as a percentage of the number of properties that could generate rental income.

Participation Agreement Decisions are taken on the basis of an agreement (the Participation Agreement) between investors. The Participation Agreement can be compared with the Articles of Association of a legal entity.

Property management Local commercial, administrative and technical management of properties and the related central back-office and call-centre departments.

Roll-over strategy Vesteda's fund strategy, which results in optimum asset management of its residential property investments. The strategy involves annual disposals of a limited number of properties in order to maintain the high quality of the portfolio and consolidate capital gains on a regular basis. It also involves the group's own area and project development activities, which are designed to ensure the required portfolio growth.

Shareholder Investor holding shares in Vesteda

Total portfolio The Development portfolio and the Letting portfolio. See also the Classification of the portfolio on page 74.

Vacant value ratio The price that property investors are willing to pay for clusters of let residential properties, in relation to the individual market prices of those properties when vacant.

Vesteda Group See the legal structure on page 28.

Vesteda Groep bv See the legal structure on page 28.

Vesteda Groep (II) bv See the legal structure on page 28.

Vesteda Project bv See the legal structure on page 28.

Vesteda Woningen (II) cv See the legal structure on page 28.

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