
Stadgenoot

Presentation

October 2011

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Introduction

- Woningbouwvereniging Stadgenoot ('Stadgenoot') is a well established and respected Housing Association in Amsterdam with almost 30,000 dwellings. One in twelve inhabitants rent from Stadgenoot. We have around 450 employees
- Stadgenoot is result of the July 2008 merger between Algemene Woningbouwvereniging (AWV) and Woningbouwvereniging Het Oosten (HO)
- Stadgenoot's mission is to provide quality housing for all of its tenants and prospective tenants. Our main social aim is to provide adequate housing for those who can not afford to purchase it in their own right. This must be understood in a broad sense; housing is intended for the lower as well for the middle income groups. Stadgenoot believes in a mix of those groups on a neighbourhood scale to promote integration and counteract social exclusion
- Stadgenoot is a not for profit organization with a public task. We have fulfilled this task for over 100 years



2. Executive summary

Executive Summary

- The Stadgenoot Group (which comprises Stadgenoot and its subsidiaries) is the result of the July 2008 merger between AWW and HO and is one of the largest housing associations in the Netherlands with 29,450 owned housing units at December 2010 of which almost 98% are classified as social housing
 - Stadgenoot has the status of 'Toegelaten Instelling' (TI) which means Authorised Institution conforming to Article 70 of the Housing Law. Stadgenoot is the main operating business of The Stadgenoot Group and accounted for 95% of consolidated assets and rental income at December 2010
 - Its principal activity is providing reasonable quality housing for rent to people needing support in Amsterdam. Stadgenoot's housing developments are centred on the philosophy of 'mixed' housing which is key from a planning approval perspective in the City of Amsterdam
 - The Housing Association sector in the Netherlands is tightly regulated. Housing Associations' relationships with Waarborgfonds Sociale Woningbouw ('WSW') and the statutory interaction with the regulator the CFV (Centraal Fonds voor de Volkshuisvesting) has ensured the system's stability. The WSW, CFV and the Government have a track record of stepping in to support and reorganize Housing Associations in difficulty. The strong asset base and embedded social position of the HA's, the tight regulation and the support measures have ensured that no Housing Associations entered bankruptcy or even had to restructure obligations.
 - Stadgenoot is a member of WSW and as a consequence benefits from the WSW funding guarantees which support Stadgenoot's operations. 93% of Stadgenoot's long term debt funding at March 2011 was supported by WSW guarantees
 - Demand for social housing in Amsterdam far exceeds supply leading to a very long waiting list for such accommodation which translates into a very high degree of predictability for such rental income
 - Social housing rents ('regulated income') are regulated by law in the Netherlands with rents being essentially linked to inflation. Such rents accounted for 84% of Stadgenoot 2010 rental income
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Executive Summary

- The core of Stadgenoot's strategic plan is to raise the quality of its social housing stock. To execute the plan Stadgenoot intends, over the coming years, to make cash available by modestly reducing its pool of social housing stock (by selling more units than it renovates / redevelops) and to increase its share of revenues coming from profit generating 'unregulated' activities (commercial real estate, private rental property and parking)
- Stadgenoot enjoys solid interest coverage measures and its capital structure is strong
 - The market value of Stadgenoot's estate (we use the WOZ valuation which is the tax value assuming vacant possession) is € 5.7bn versus gross debt of €1.6bn at December 2010
 - The book value of Stadgenoot's housing assets (which are assessed on a 'going concern basis' and derived from the PV of the future net cash-flows estimated to be generated by the housing units over their estimated operational life) was € 1.939bn (vs total assets of €2.406bn) at December 2010
- With approximately €2.0bn of unencumbered assets (current WOZ waarde*) providers of unguaranteed funding, € 100 million at September 2011, will benefit from very solid asset coverage

* Valuations are made annually and usually received in Q2



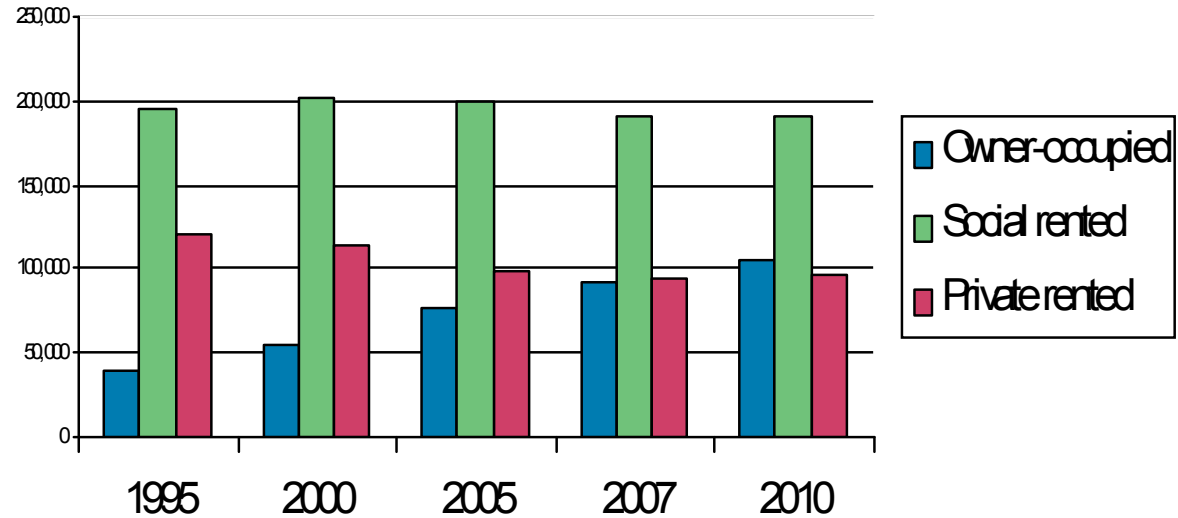
3. Housing Associations: A cornerstone of national housing policy

Housing policy depends on the success of Housing Associations

- The state is no longer involved in social housing provision, but is committed by Article 22 paragraph 2 of the Dutch constitution to ensure that adequate housing is provided in the Netherlands
- Responsibility for Social Housing and execution of government policy has been delegated by the Government to Housing Associations. The Housing Act Article 70 defines Housing Associations public task and social responsibility
- National Government housing policy has several aims
 - Accelerate the restructuring of neighbourhoods and housing production, especially in cities
 - Achieve and maintain a sound, sustainable living climate
 - Improve unsafe and run-down neighbourhoods and to prevent other areas from declining in this way
 - Promote home-ownership; to make city living more attractive for middle and higher income households
 - Ensure that housing is affordable
- At the regional level Housing Associations work hand in hand with local governments to roll out policy initiatives
 - For example Stadgenoot works hand in hand with the City of Amsterdam
 - The proportion of social housing construction in Stadgenoot's total production is at least 30%
 - New single purpose multiple dwellings are actively discouraged

Amsterdam relies very heavily on social housing provision

Housing stock ownership trends for Amsterdam (number of homes)



Source: Onderzoek en Statistiek Amsterdam (OenS)

- Amsterdam's reliance on social housing at 49% of dwellings is far above the 32% level seen at the national level
- The number of social housing units in Amsterdam has remained broadly static over the last 15 years



4. Regulatory environment

A strong and supportive regulatory framework

- The Dutch Government has delegated the powers of system regulator to CFV (Centraal Fonds voor de Volkshuisvesting). (Article 71a of the Housing Act).
 - In the Netherlands the Minister of Home Affairs appoints the Chairman and Board members of CFV (Article 71c of the Housing Act). Political responsibility for Housing Associations however is maintained by the Government
 - Housing Associations in the Netherlands are required to submit reports semi annually to the CFV which acts as the financial regulator on behalf of the Government. In addition Housing Associations must submit annual reports to the Minister of Home Affairs on the six core aspects of their activities ¹
 - The CFV monitors the operations and assesses the financial health of Housing Associations. It publishes annual assessments of the Housing Associations that it regulates and publishes ratings (so called 'Continuity Assessments') which evaluates their financial health
 - The CFV's regulatory responsibilities also include intervening to support and stabilize Housing Associations in difficulty and, if necessary, engineer mergers to rescue such associations (Article 71a of the Housing Act)
 - Housing Associations in the Netherlands also benefit from a mutual guarantee system under which they have established a pool of funding for CFV to administer. The funds can be employed by the CFV to support Housing Associations under stress. The fund has been established through an annual levy paid by the Housing Associations based on the number of social housing units owned. If the CFV's pool of available funds should become exhausted then each Housing Association is required to make additional contributions to replenish the fund. When providing support to distressed Housing associations CFV has the power to provide interest free subordinated loans (Article 71a of the Housing Act)
 - The CFV has successfully ensured the stability of the Housing Associations in the Netherlands. Its active and timely intervention has ensured to date no Association has been allowed to fail

¹ The core six aspects of activities are (a) Providing housing for their primary markets (b) Residential quality (c) involving tenants in policy and management (d) Financial policy (e) Quality of Life (f) Housing and care (source WSW website 2011)

Access to WSW guarantees supports low cost funding and implies a robust financial profile

Long term low cost funding is assured through WSW guarantees

- Waarborgfonds Sociale Woningbouw ('WSW') was established in 1983 by the Netherlands Housing Council (NWR) with the specific purpose of supporting low cost funding for the nation's Housing Associations. Housing Associations must be members of the WSW to benefit from its guarantee
- The Aaa / AAA rated WSW guarantees payment of interest and principal on loans taken out by Housing Associations in the Netherlands for activities carried out in social housing

WSW's provision of guarantees is contingent upon Housing Associations satisfying operating and financial criteria

- From January 1 2011 WSW only provides guarantees for units which will be rented out to households with annual income not exceeding €33,614
- WSW reviews on an ongoing basis Housing Associations operating performance and medium / long plans. It assesses annually the amount of guarantees that each association is eligible to utilize
- Access to WSW guarantees is dependent upon Housing Associations being able to meet certain minimum financial criteria and WSW satisfaction with the Housing Associations 10 year business plan. Housing Associations must be able to demonstrate that they can generate Operating Cash-flows sufficient to cover their annual operating costs and to redeem 2% of gross debt. This hurdle effectively ensures that the Housing Associations which are eligible for guarantees are robust. Challenges in meeting the WSW cash-flow criteria could trigger 'tailored' WSW liquidity support
- WSW guaranteed loan to WOZ values are 50%. Housing Associations pledge to WSW those properties financed by WSW guaranteed loans

Three tiers of state support acting together to ensure timely and appropriate support for Housing Associations

- Housing Associations becoming distressed is a relatively rare event. The ongoing credit assessments by the CFV and WSW means that in most cases potential problems are identified at an early stage and remedial action is undertaken
- **In most cases the CFV takes the lead to revive or push a forced merger of an Association** in difficulty. CFV tends to act behind the scenes to avoid the negative publicity which would be associated with its involvement with an Association
- Whilst theoretically possible for a Housing Association to be assessed by CFV as having insufficient capital (this would be a 'B2' classification according to the CFV rating scale) and not having sufficient liquidity to access WSW guarantees in practice **CFV and WSW cooperate under the Covenant CFV-WSW and College Sluitend Stelsel (CSS) Agreement** to find a solution to support the revival of or the forced merger of the affected Association
- In addition to the powers vested with the WSW and CFV **the Government** also has the power to seize control of the Housing Associations. There are two recent examples where the Government has intervened

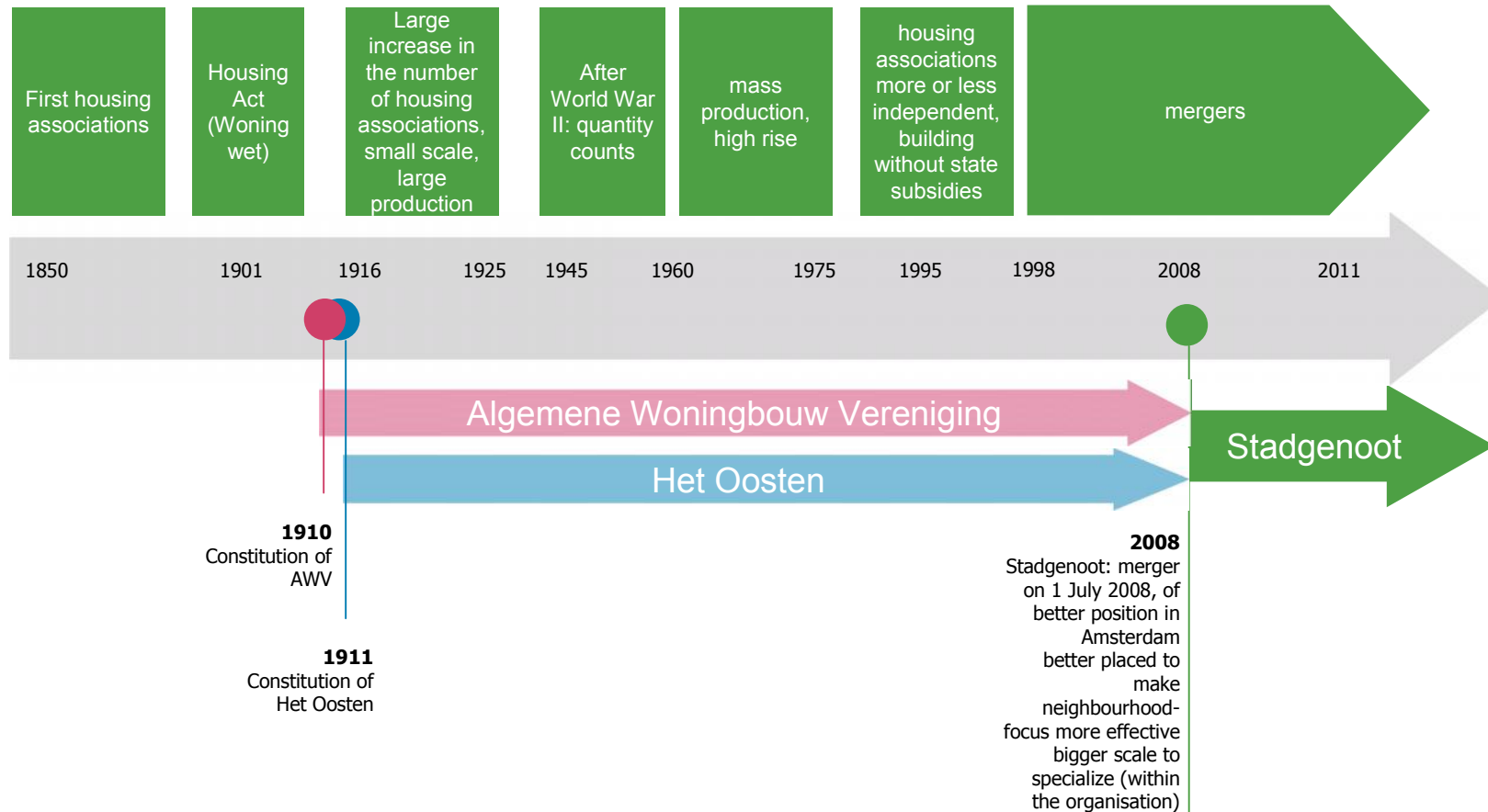


5. Legal organization

Legal constitution of Stadgenoot

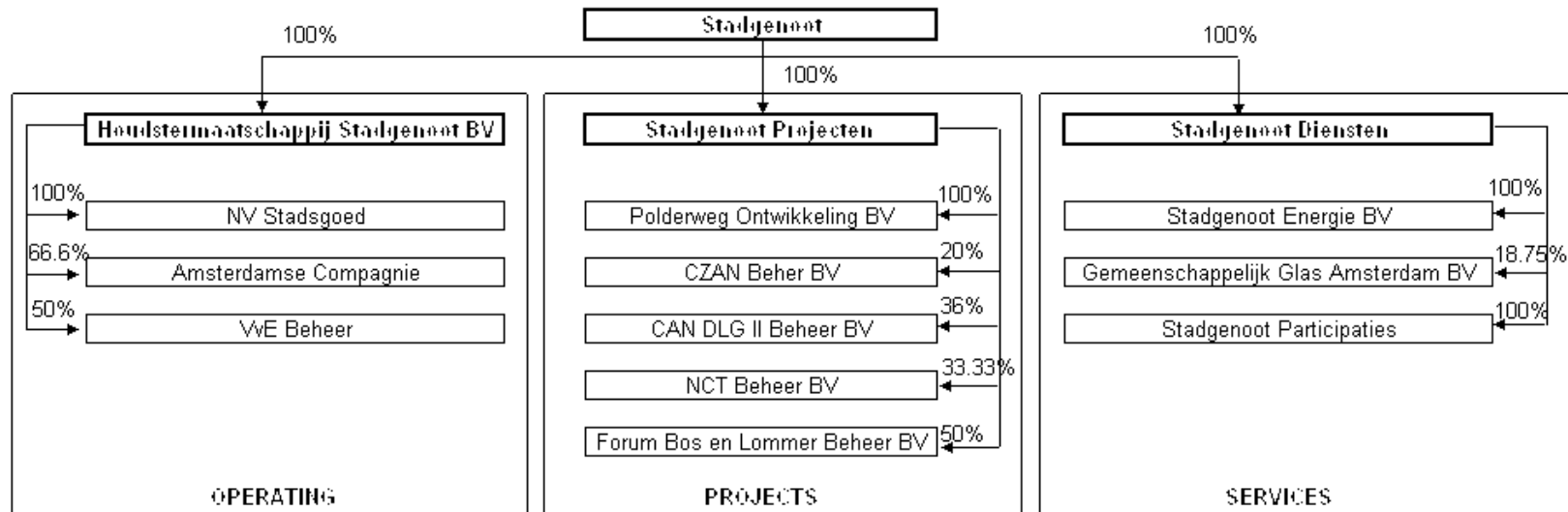
- Stadgenoot is an authorized institution conforming to Article 70 of the Housing Law, subsection BBSH (rules on the management of the social rent sector)
- Stadgenoot is an Association and thus does not have any owners or shareholders. It is a not for profit organization, private entity with mainly public goals
 - Stadgenoot executes its operations and strategy as approved by the regulator
 - Stadgenoot's board does not include any state appointees
- The duties and scope for TI's are
 - To provide housing services to people whose income or other circumstances the difficulties in finding suitable accommodation
 - To keep the quality of housing up to standard
 - To involve tenants in it's management and policies
 - To ensure financial continuity
 - Amendments on the Statues of a TI can only take place with governmental consent

A brief history of Stadgenoot



A flat structure

- A 'flat' structure with as few layers as possible has been chosen for Stadgenoot
- Stadgenoot is an operating business with a number of subsidiaries
- 3 intermediate holdings hold shares in all the entities that engage in the same activities and are managed by the management of Stadgenoot
 - Houdstermaatschappij Stadgenoot BV which owns the companies with an operating role
 - Stadgenoot Projecten BV gathers all companies that develop projects on their own or in association with third parties
 - Stadgenoot Diensten BV is the holding company of all participations in companies that provide services

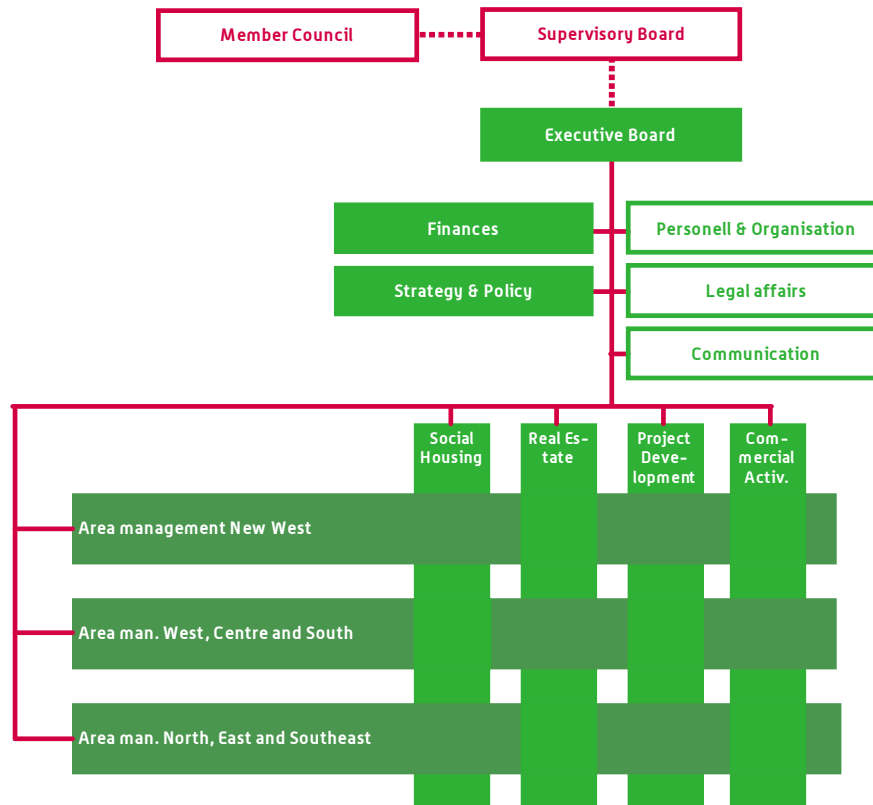


The graph only shows the main subsidiaries



6. Management

A matrix organization



- Stadgenoot's four operational units ensure the realization of the portfolio objectives
 - Social Housing: Renting and quality of the real estate units
 - Real Estate: maintenance and home improvements
 - Project development : Planning and project development and renovations
 - Commercial activities: the rental of commercial assets

- Area Management is responsible for regional management of the four operational activities facilitating internal coordination and coordination with external parties

The Executive Board : A wealth of Housing Association sector experience

Stadgenoot Executive board



Drs. Gerard P. Anderiesen, Chairman of the Executive Board

Position: Chief Executive

Fields of Attention: Finance, Housing and Strategy & Policy

First appointed in 2008

Previous positions: from 2002 Chairman of the Executive Board of AWV,

From 1994-2002 Director of the Federatie

Other interests: Member Executive Committee of De Vernieuwde Stad,
Member Executive Committee of Aedes Directeuren Contact



Ir. Marien de Langen, member of the Executive Board

First appointed in 2011

Previous positions: from 2006-2011 Chairman of the Executive Board of HA Mitros in Utrecht, from 1998-2006 various positions with the Urban Planning and Housing in Rotterdam, including Director of Urban Planning and Housing Rotterdam

Other Interests: member of the Executive Committee of the Forum voor Stedelijke Vernieuwing,
Member of the Supervisory Board of Stadsvastgoed in Rotterdam

- The Executive Board (EB) is responsible for
 - achieving the objectives of the association
 - determining the strategy and policy leading to achieving the objectives
 - providing and preparing the financial reporting process
 - The Executive Board meets every week

Governance and Risk Management structures in line with guidelines

- The Audit Committee is a standing committee of the Supervisory Board. It supports and advises the Supervisory Board in carrying out the responsibilities for monitoring (among others)
 - the internal control and risk management
 - the financing of the whole company and the treasury activities
 - compliance with guidelines and requirements of relevant external regulators and other stakeholders and relevant codes
- The Audit Committee meets at least four times a year

- The Treasury Committee
- The committee is chaired by Marien de Langen and meets monthly
- Committee members comprise Gerard Anderiesen (Chairman and CEO), Marien de Langen (Executive Board Member), Roger Doomen (CFO) and Jos Santos (Treasurer)
- The committee established principles for Treasury, such as:
 - Risk management
 - Ability of financing investment plans
 - Liquidity requirements and developments
 - The planning & control process with respect to Treasury

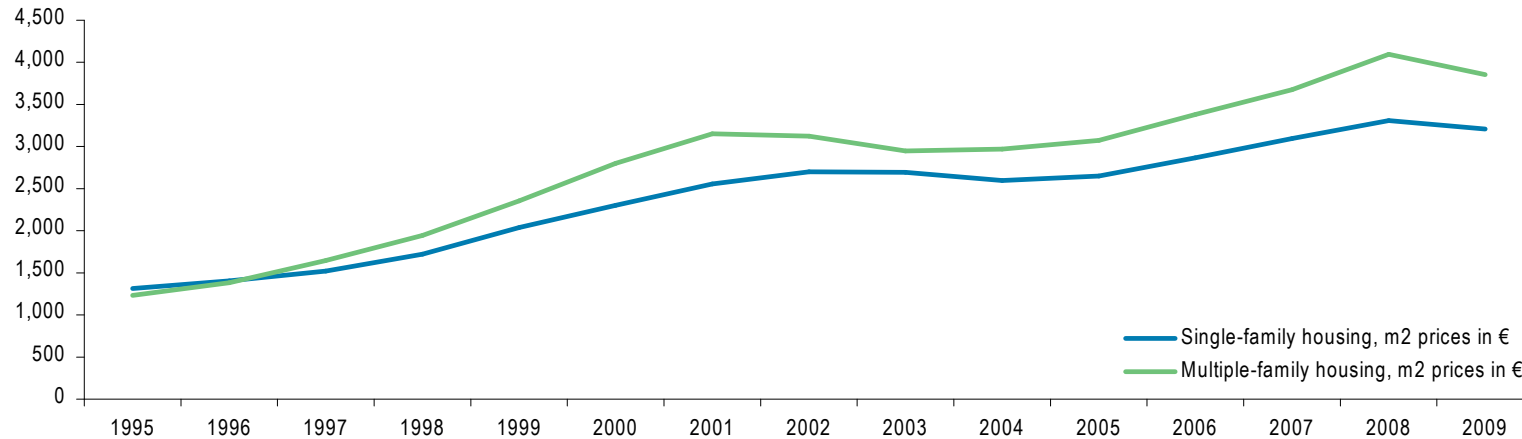
- Huurgenoot is the Interface with tenants (the Associations members) which is held at least 6 times a year
- The interface comprises interaction between the Director of Housing and the tenants
 - The Huurgenoot has generally a qualified advisory role and can advise on budget, business plan, changes in the statutes of Stadgenoot, that affects the tenants' interests
 - Huurgenoot also has a nomination right for two members of the Supervisory Board, according the legal frameworks



7. The operating environment

The Amsterdam property market

Evolution in price per unit floor area in Amsterdam

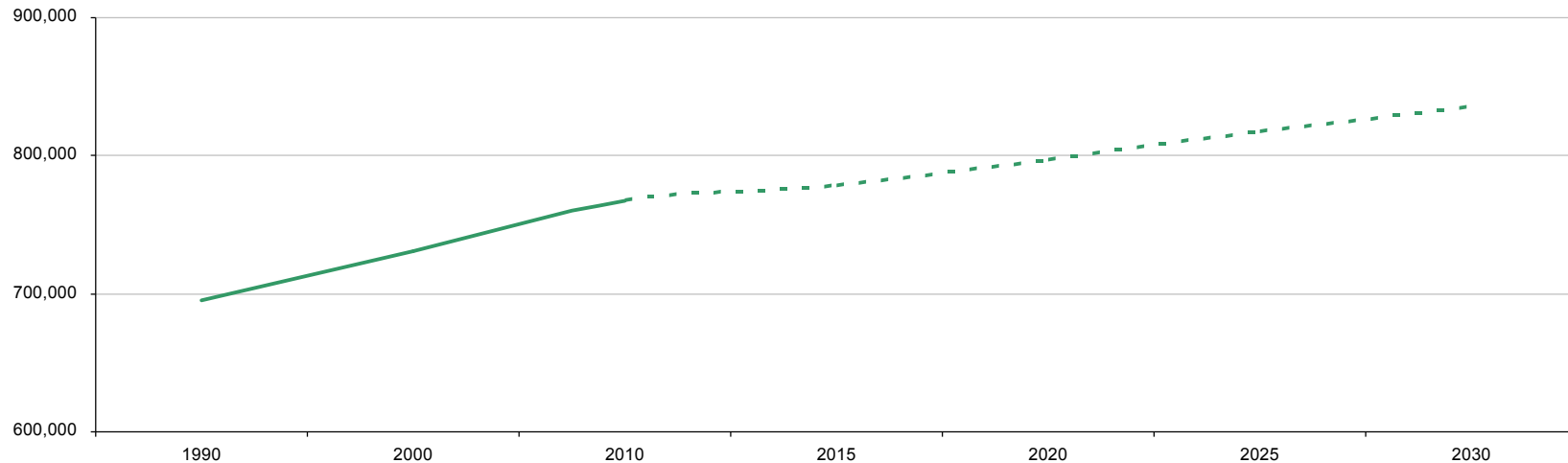


Source: Amsterdam and Registry

- Amsterdam: 780,000 inhabitants, Greater-Amsterdam: 1,4 million inhabitants.
- Amsterdam: 392,659 houses:
 - home ownership: 104,180
 - private renting 97,473
 - housing associations 191,005
- Key drivers
 - Capital of the Netherlands: Economic, financial, scientific and cultural centre
 - Big influx of 18-30 years old, dribbling out to the region between 30 and 50
- Modest price volatility across both single and multiple family housing units

Long term demand for housing in Amsterdam is high

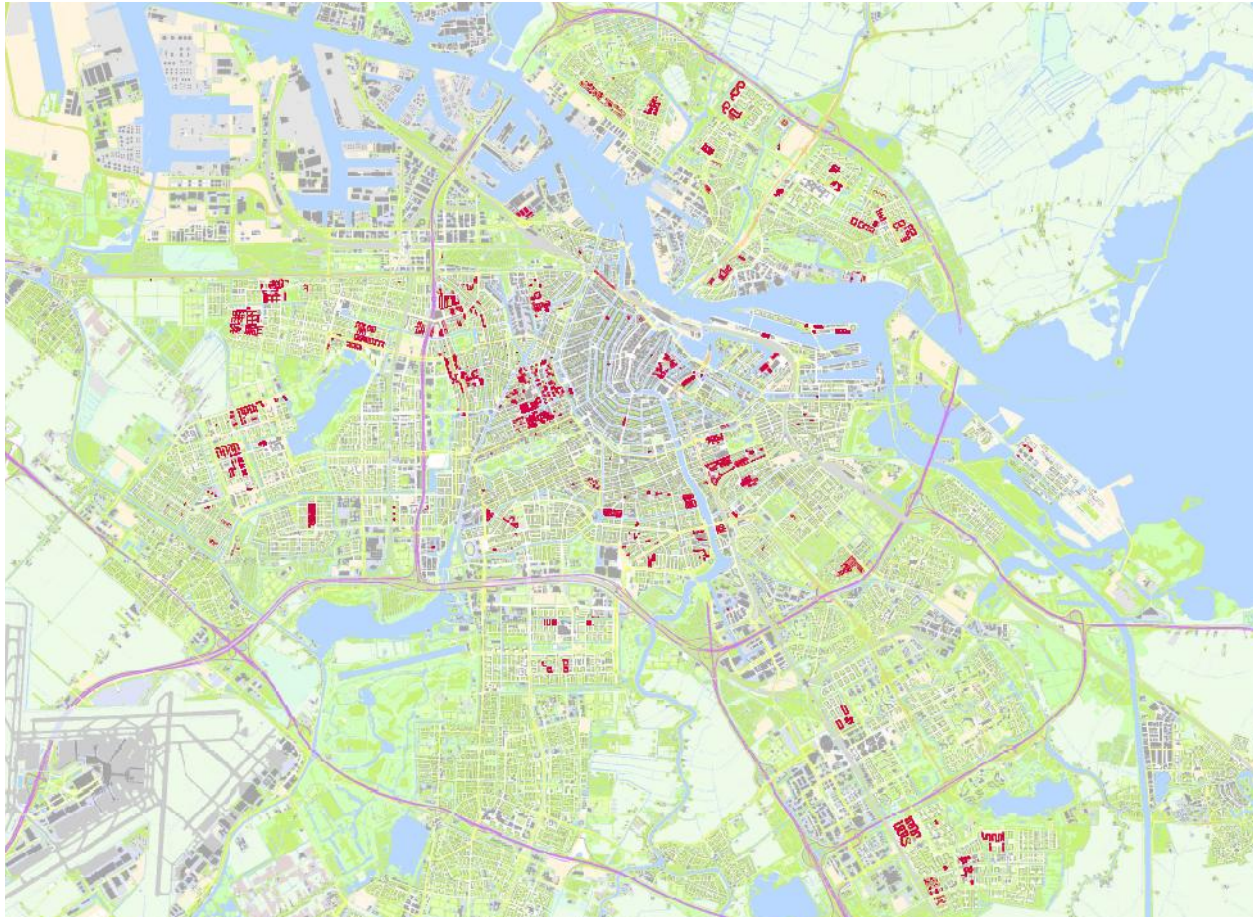
Recent and forecasted evolution of Amsterdam population



Source: Onderzoek en Statistiek Amsterdam (O&S)

- OenS estimates that housing stock in Amsterdam will grow from 390,000 to 440,00 dwellings by 2030 in parallel with the growth in the population of the city
- Assuming no material change in the make up of the population (in terms of social classification) demand for social housing will continue to increase
- Amsterdam needs more social housing units and the Housing Associations are playing their part in increasing the number of units. That said many housing Associations are facing constraints on their ability to deliver new units. The heavy demand for social housing provision is exacerbated by a number of factors including the large number of existing tenants whose income levels take them well above the upper limit which would qualify them for social housing today but who cannot be moved on in to the liberalized sector
- Stadgenoot anticipate that demographic and regulatory changes will lead more tenants having to look to the liberalised sector

Stadgenoot is focussed on Amsterdam but well diversified

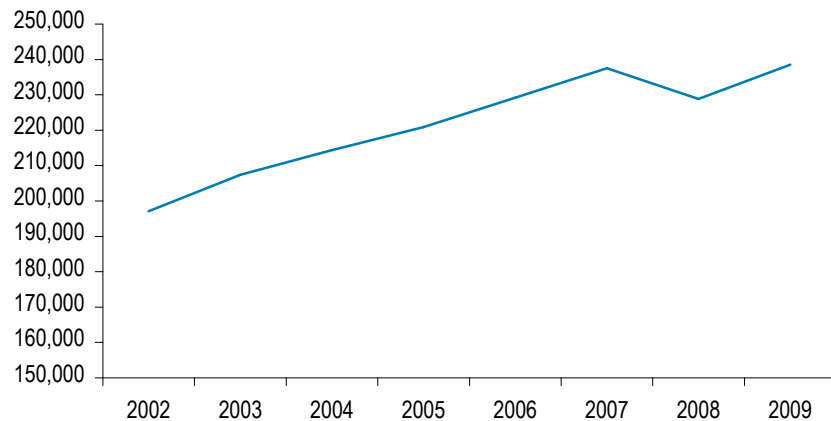


- At December 2010 Stadgenoot owned **28,789** social housing units, **661** liberalised rental units, **1,626** Small rental units and offices and **2,486** parking spaces
- A well diversified real estate portfolio

Very long social housing waiting list and few units becoming available each year will ensure 100% occupancy over the long term

- There is no competition for tenants between Housing Associations in the Netherlands because demand is higher than offer in dwellings
- The Federation of Housing Associations (AFWC) has been operating in a co-operative manner for the last 40 years
- Prospective tenants register their interest in obtaining social housing through a centrally administered waiting list (woningnet.nl)
- Housing Associations pass all of their vacancies to Woningnet who administer the offering of the apartments / dwellings
- It is estimated that the pressure on the Amsterdam housing market will remain high and that demand will continue to outstrip supply
- Prospective tenants are not likely to have any particular preference for renting from Stadgenoot as opposed to any other housing association

Housing applicants (living in Amsterdam)



	2002	2003	2004	2005	2006	2007	2008	2009
Housing applicants (living in Amsterdam)	197,128	207,411	214,397	220,886	229,216	237,560	228,857	238,496
Average number of responses for a vacant dwelling	128	118	111	114	110	139	163	169
Tenure before moving on (in years)	14.2	14	14.2	14.3	13.3	14	15.4	15.6
Waiting time for starter-home applicants (in years)	7.4	7	6.8	7.1	6.1	6.1	6.7	7.3

Source: Annual reports of AFWC/Woningnet

Demand for liberalised housing is high but more competitive

- In Amsterdam Stadgenoot principally faces competition in this sector from other Housing Associations, small private owners of rental units and commercial investors, as Vesteda and Amvest
- The core strategy of the liberalised department is to rent as soon as possible at the highest possible price (this really differs from the strategy for the social housing)
- Housing demand with a market rent (including service) up to € 1,000 is the largest, about 80% of prospects looking for a house with this gross rent
- 36 % of Stadgenoot's liberalised units are in the up to €1,000 / month rental category
- The rents vary widely from area to area. In Holendrecht we ask for the same dwelling € 699, in the centre of Amsterdam € 1,200 a month. But where we compete with commercial investors, we ask the same rents
- Vacancy rates for Stadgenoot's liberalized units for 2010 was around 11.5%
- We expect the demand for accommodation with a rent of up to € 1,000 in the long run to increase in part due to the new European Union regulations which should lead to more people being pushed into the liberalised sector. The tighter mortgage conditions will also contribute to an increase of demand in this sector
- Due to the ratio of sale / social / liberalised sector and the increase of the demand, we expect no excess supply
- In the price up to € 1,000 /month the activity of commercial investors, in certain areas, is increasing. Due to the crisis they also note that you cannot ask any rent you want
- The housing associations have a strong position in the free market sector and compete amongst each other for tenants. At December 2010 Stadgenoot has 661 liberalised dwellings. This could potentially grow to 2,743 if certain housing units (which have historically been classified as social housing but would today fall outside the criteria) were to be vacated and re-let.

The new EU rules will impact future access to social housing

- EU Commission 15.12.09 : “Social housing needs to be limited to a clearly defined target group of disadvantaged citizens or socially less advantaged groups“
- New ruling from January 2011 provided a detailed decision of the Commission about the activities of Dutch housing corporations in accordance with the state aid rules (COM 2009/9963) the key points were that
 - Construction and renting of apartments up to a max. rent of 652.52 Euro would qualify as social housing
 - Concrete allocation ordinance: 90% of all new and vacant social housing apartments have to be rented out to households with a gross income less than 33,614 Euro
- Key impacts for Dutch Housing associations
 - Change of scope of the Dutch social housing system: from “volkshuisvesting“ to housing for a strictly limited target group
 - Decision against middle-income groups. Income-group €33,000-38,000: up to now classical target group in the social housing policy of the Netherlands. Such groups will be forced to pay market rents. Since in the price range €700 to €1,000 currently has limited supply, they will have to turn to apartments which start at €1,000 per month
 - Private rental market not accessible, extremely limited supply
 - Group of 650,000 households will be affected in the Netherlands and face having to pay higher rents
- Stadgenoot’s current tenants will not be affected by the above changes. It is new tenants with middle incomes no longer eligible for social housing units who will be hardest hit. Stadgenoot should benefit as this tenant group will have to look to the liberalised rental sector

Government policies may further change the housing landscape

- The Government is currently considering some changes to the current system though this remains subject to debate and the usual legislative process
- They are considering giving more room to earn money on rents:
 - 5% rent rise on top of inflation yearly for tenants with an income above € 43,000
 - and max. 25 points for property value (WOZ)
- Imposition of a state levy, starting 2014, on Housing Associations, who will be obliged to make a contribution to the costs of the rent subsidy (huurtoeslag) of € 760 million a year, for Stadgenoot it would be € 8 million a year
- An increase in rents leaving Housing Associations with a narrower scope and slightly shrinking domain
- Other developments could also have a bearing on Housing Associations activities
 - It is expected that a right to buy for tenants of housing associations is legally not possible as is suggested by Europe
 - It is possible that the profit-tax on housing associations will not hold up in court
- Stadgenoot's current expectations are that the proposed legislative changes will be slightly positive for Stadgenoot



8. Strategy

Stadgenoot's business model has been adapted to the current environment

The business model is being re-balanced to address a sustained squeeze on cash generation given the following challenges

(a) Legislation changes weighing on operating income

- The Government's decision to tax the profits of Housing Associations
- Linking of regulated rents to inflation

(b) Housing Associations need to fulfil the same social tasks but must meet higher costs

- Rising costs of construction
- Rising of operating, maintenance costs and liveability and social costs
- More demanding construction standards and services / facility requirements for new / refurbished apartments
- A need to raise the quality of Stadgenoot's housing stock
- A larger average living space

(c) a weaker real estate market

- Weaker demand for properties in the owner occupier segment
- Lower average prices in the owner occupier segment down from the high's achieved in 2007/8
- The gain on the sale of an existing dwelling is insufficient to cover the unprofitable part of the investment in a new subsidized unit

Delivering on it's strategy will lead to a stronger Stadgenoot

<p>We will remain very heavily focussed on social housing</p>	<ul style="list-style-type: none"> ■ At December 2010 almost 98% of Stadgenoot's housing units were represented by social housing units ■ However over the long term we expect the share of units represented by social housing to modestly fall (converting to liberalised housing and selling houses) ■ The reduction in the number of social housing units reflects the impact of net asset disposals
<p>Drive growth in consolidated rental income through Stadgenoot's unregulated businesses</p>	<ul style="list-style-type: none"> ■ We plan to slowly grow Stadgenoot's unregulated dwelling activities and units dedicated to commercial real estate ■ This gradual increase in Stadgenoot's units dedicated to unregulated activities will support growth in Stadgenoot's consolidated rental income ■ The average growth rate of rents across Stadgenoot's liberalised businesses has averaged 5.3% over the last five years
<p>Focus on mixed dwellings</p>	<ul style="list-style-type: none"> ■ Mixed dwelling buildings comprising a mix of social dwellings, mid rent unregulated market dwellings and small sized business will be the focus to meet consensus that neighbourhoods consisting only of social housing obstruct integration and social cohesion ■ Supports Stadgenoot's commitment to create and support diversified neighbourhoods
<p>Reduce unprofitable part of the investments in social housing</p>	<ul style="list-style-type: none"> ■ Lower building costs (by improving process) ■ To build smaller dwellings
<p>Efficient Management</p>	<ul style="list-style-type: none"> ■ Reducing the property-related costs (maintenance, etc.) ■ Controlling the organization-related costs (management costs) ■ Improving the profitability of conservation investments ■ For each type of property we'll establish parameters which allows for balanced returns for the consolidated property types

Delivering on it's strategy will lead to a stronger Stadgenoot

Meet the affordable housing needs of a growing Amsterdam	<ul style="list-style-type: none">■ We expect to retain Stadgenoot's position as one of the largest Housing Association in Amsterdam■ Amsterdam is expected to continue growing over the medium long term this will translate in to additional housing needs
Raise the quality of Stadgenoot's housing and achieve a stable housing stock	<ul style="list-style-type: none">■ Over the next few years Stadgenoot's portfolio renewal strategy will enable us to use the proceeds from asset disposals to support the largest part of the investments required to regenerate Stadgenoot's existing estate and to build new assets■ Our strategy (which has been running for the last 12 years) will facilitate the further gradual improvement in the quality of Stadgenoot's housing stock■ All stock to meet Stadgenoot's 'Clean, Intact and Safe' criteria by 2014■ By 2017 the quality of Stadgenoot's housing stock should be good enough that rental income and disposals are sufficient to fully cover the investments we plan without any further reduction in Stadgenoot's estate
Complete the re-integration of Far West assets	<ul style="list-style-type: none">■ Following the agreement reached with Stadgenoot's partners in late 2010 we expect to reintegrate Stadgenoot's share of the Far West assets over the medium term■ Many of the assets are already known to us (a large number of the assets coming back to us were contributed by us at the time Far West was established in 1996. Far West was originally incorporated for a period of 20 years)
Improve Stadgenoot's tenants approval rating of Stadgenoot as a landlord	<ul style="list-style-type: none">■ We aim to improve Stadgenoot's tenants approval rating of Stadgenoot as a landlord as assessed by the bi-annual Woonbench survey

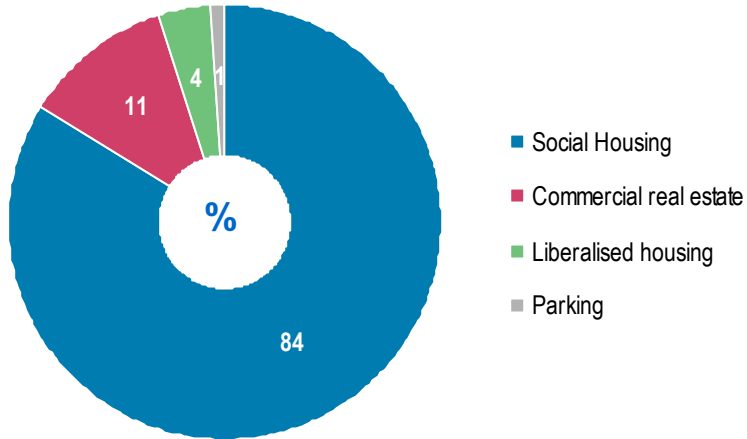


9. Operating activities

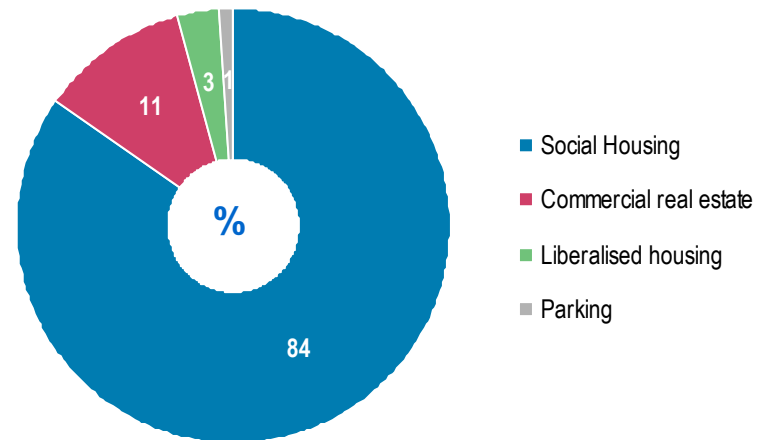
Social Housing (regulated income)

84% of Stadgenoot 2010 rental income was derived from social housing*

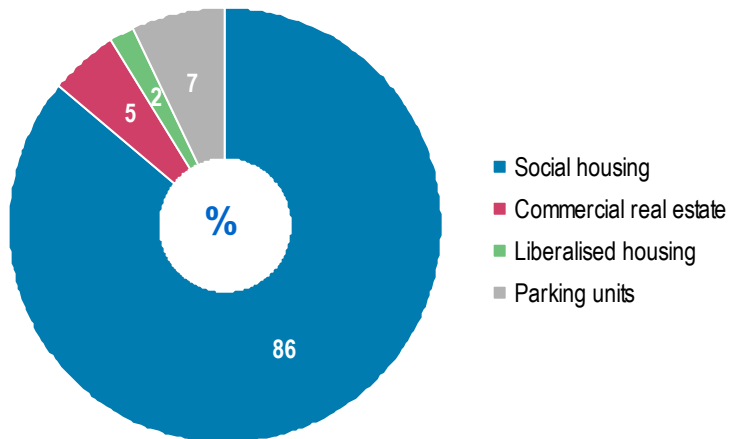
84% of the €162.9mm of 2010 Stadgenoot rental income was generated by social housing activities



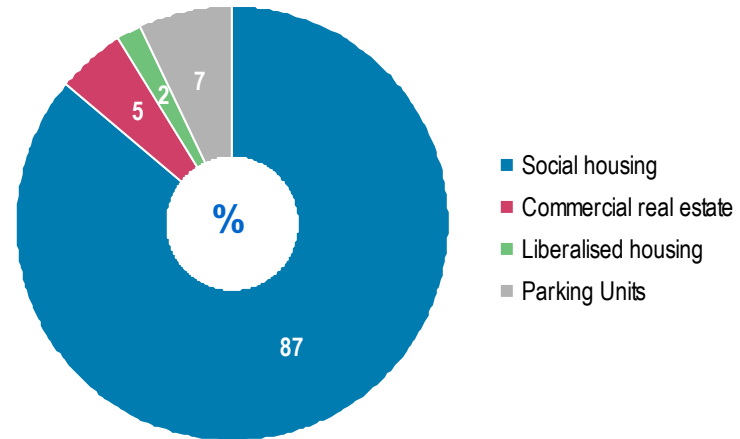
84% of the €160.8mm of 2009 Stadgenoot rental income was generated by social housing activities



86% of Stadgenoot units at Dec 2010 were Social Housing



87% of Stadgenoot units^a at Dec 2009 were Social Housing



* Calculations based on 33,935 units at December 2009 and 33,562 at December 2010. Note that Social Housing units include Retirement and Carehomes and Student Accommodation

Stadgenoot Asset profile

- Stadgenoot's Social Housing Units are well diversified by district and WWS points and by district and type of dwelling

District	< 90	90-105	106-120	120-142	>142	Total number of units
Centre	392	264	157	174	125	1,112
New-West	1,157	888	1,559	1,515	1,182	6,301
North	131	483	1,041	1,991	449	4,095
East	732	965	949	916	346	3,908
West	2,173	2,245	1,297	1,089	263	7,067
South	498	1,268	740	683	236	3,425
Southeast	79	222	407	1,171	714	2,593
Other	7	15	46	83	137	288
Total	5,169	6,350	6,196	7,622	3,452	28,789

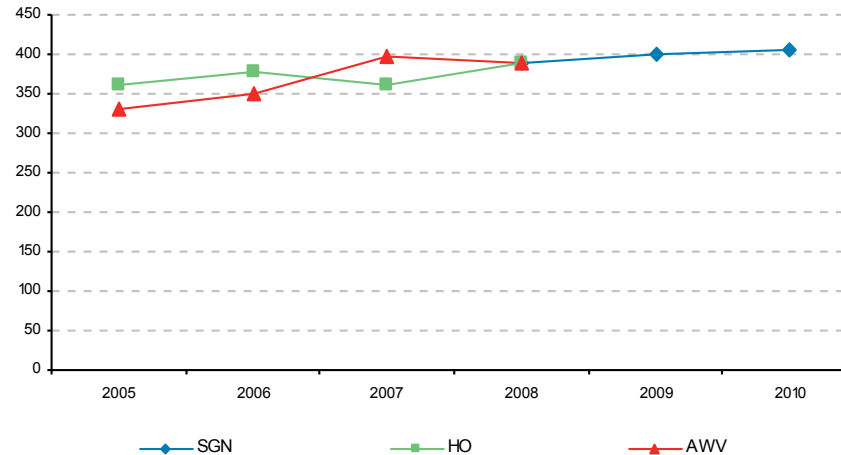
District	Ground floor maisonette	Duplex	Terraced house	Detached	Deck access maisonette	Deck acces appartements	Lowrise maisonette	Tenement appartements	Total number of units
Centre	-	-	11			194	70	837	1,112
New-West	28	670	734	1		1,343	33	3,492	6,301
North	22	42	728			868	169	2,266	4,095
East	28	-	182		99	395	296	2,908	3,908
West	26	-	45		6	502	134	6,353	7,067
South	-	-	-			339	113	2,973	3,425
Southeast	1	-	119			307	28	2,138	2,593
Other	6	-	99			32	6	144	288
	112	711	1,919	1	105	3,980	849	21,112	28,789

Rents below €652 / month are regulated

- The maximum rent which can be charged for social housing is €652 / month and the rental level is set by state engineered points system under the property valuation system (WWS)
- The (WWS) system awards points for the characteristics of dwellings, such as size, equipment / fittings, heating, insulation, and exterior environment
 - This gives an overall appreciation score
 - The State provides a table each year which assigns rental levels to the appreciation score
 - The assigned rent is not allowed to be set above this maximum level
- The actual rent payable is often less than the Maximum level as derived from WWS appreciation score reflecting
 - A large number of units which were rented out many years ago where the rent has increased only by inflation
 - Restraints placed upon Housing Associations which limit their ability to rebase the rents on recently vacated units to market levels – Associations are only able to raise the rents on vacant units within certain parameters
- The current WWS points scoring system is changing with greater weighting now being assigned to criteria such as energy efficiency. The new system is in effect since 1st July 2011
- Stadgenoot believes that the new system should be broadly neutral for rent levels
- On average regulated rent in the Netherlands is 75% of the Maximum level, in Amsterdam it is 79 % and Stadgenoot is at 78%
- Stadgenoot's policy for newly rented social housing units is that they should be rented at 100% of the maximum allowable regulated rental

Regulated rent levels move in line with inflation

Average regulated rent €'s / month



- From 1945 to 2007, the rent increase was higher than inflation by between 0.8% and 3%. From 2007 the current Dutch government decided to pursue an inflation-indexed rent policy which has covered the 2007-10 period
- The key challenge associated with the current inflation indexing is that increasing rents do not cover the rising operating costs of the regulated estate which Stadgenoot is required to meet
- The average regulated rental for 2010 is € 406 a month (2009: € 399). An increase of 1.7%
- The average of € 406* is derived from the rent of December 2010 and the number of dwellings by year end date
- When comparing this number with the average calculated from our financial report (€ 394), one should allow for
 - The annual rent increase on July 1st
 - Lettable vacancies
 - Vacancy of the dwellings which are being redeveloped or refurbished
 - Rent rebates

* Theoretical rent / number of units at year end (2010 Gross rents € 140.3 million / Regulated Housing units 28,789)

9 Operating activities

Commercial real estate

Liberalised Housing

Parking

Stadgenoot Commercial real estate : 11% of 2010 rental income

Split of commercial units by type

Small retail units	1,311
Offices	194
Other	121
Total	1,626

Split of units by district

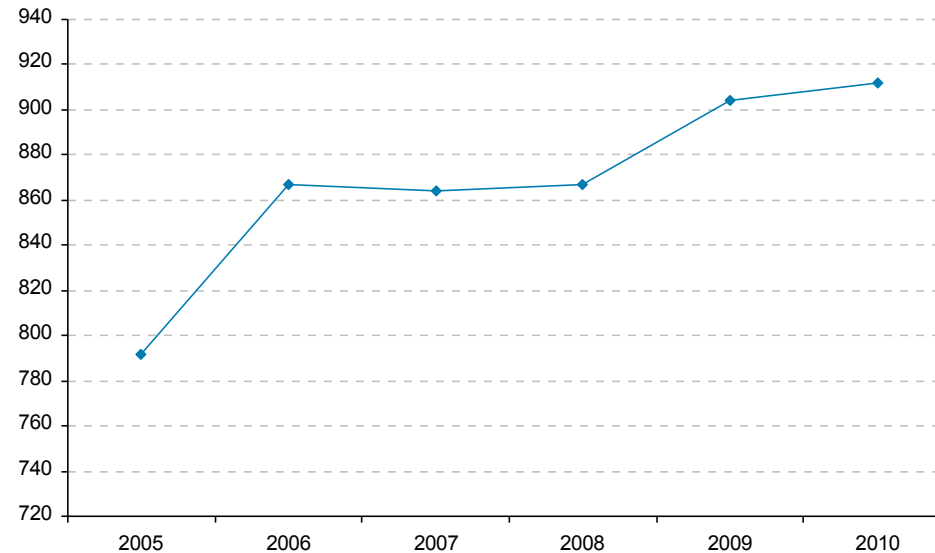
Central	134
South	145
West	1,007
North	80
East	215
Other	45
Total	1,626

2009: 1,562; 2008: 1,545 units

- Commercial real estate is on small scale usually on the ground floor usually in buildings with social housing
- Tenancy agreements are usually based on 5 + 5 years
- Tenants need to show a bank guarantee, a business plan and extract from KvK
- Rental rates in small retail are in the range of € 225 and € 50 /m², depending on the neighbourhood. These are market prices
- Annual theoretical rent is € 19.1mm (2009: € 19.1mm). Actual rents received for 2010 were €18.3mm
- Vacancy rate 2010 4.4% (2009: 3.51%)

Stadgenoot liberalised housing units to rent : 4% of 2010 rental income

Average liberalised rent €'s / month



- Stadgenoot is free to set the rents for its liberalised estate housing units (661 units as at December 2010)
- The average compound growth rate of liberalised rents over the last 5 years has been 5.25%
- The average liberalised rental* for 2010 is € 912 a month (2009: € 903). An increase of 0.8%.
- When comparing this number with the average calculated from our financial report (€ 903), one should allow for
 - The annual rent increase on July 1st
 - Lettable vacancies
 - Vacancy of the dwellings which are being redeveloped or refurbished
 - Rent rebates

* Theoretical rent / number of units at year end (2010 Gross rents € 8.057 million / liberalised Housing units 661 at Dec 2010)



9. Operating activities

Development

Investment assessment : process, criteria and management

Investment assessment: process, criteria and management

- All investment spend (re-developments and new developments) is tightly controlled
- Once approved execution of investment project is the responsibility of director Project Development
- Incremental decision before a final decision is made

Decisionmaking proces

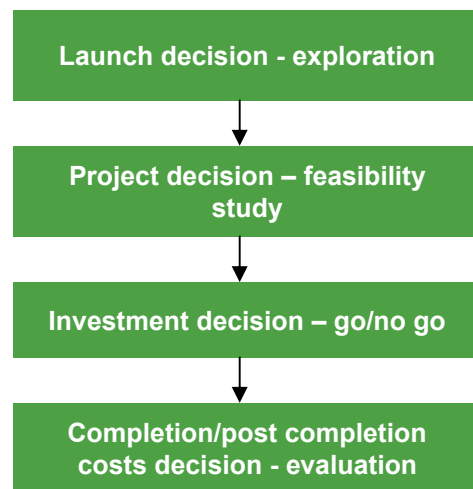


Illustration of the approvals process necessary to get an investment project approved. Timeline is typically 7 years from the initial plans to completion

Typical Investment Considerations

- Location / catchment areas / demographics
- Building considerations / floor layout
- Planned tenant mix
- Rental levels / potential for rental uplift
- Cash-flow analysis
- IRR
- SWOT analysis

- Approved Investment projects (developments / re-developments) are monitored weekly / monthly by the financial controller and quarterly by the director Project Development
- Detailed analysis of the project vs. original expectations is undertaken => Lessons learned

Development appetite is modest and carefully managed

- Stadgenoot classifies its development projects in to three types
 1. **Fixed Committed** Stadgenoot is 100% committed to the project with very limited flexibility on timing. Those are the projects under construction and development
 2. **Variable Committed** Stadgenoot is required to complete the project but has some flexibility to delay timing (in months)
 3. **Waivable** Stadgenoot has the flexibility to remove such projects from its development pipeline

- The pipeline of future development investments where Stadgenoot is committed to executing the project are modest, with less than 140 million committed investments for the period 2011-2013.

Development risk appetite

- Stadgenoot does not take construction risk – this is always passed on to / assumed by third party contractors
- Development projects are usually mandated to constructors on a fixed price basis
- Stadgenoot only works with first class contractors with unblemished track records of execution and solid financial profiles
- For property units which are constructed for rental in the liberalised markets the rent levels are set and endorsed by the department that will manage the properties after construction
- Properties which are intended to be sold after development are only built within the general perimeter that the units are fully pre-sold
- To mitigate the risk that pre-sold dwelling may not proceed through to completion Stadgenoot ensures that any apartments intended to be sold can if necessary be readily rented as the relevant market rate



10. Financial Policy and Risk Management



Basic principles of financial policy and continuity

Two main activities

- **Rental operations:** of houses, commercial premises and parking lots, mainly in the social segment. The operating departments execute these activities
- **Disposals and Investments:** The activities of this domain are executed by the development department

Rental operations

- **Policy:** Operating divisions (social housing, commercial activities etc) generate an amount of operational cash flow which is sufficient to maintain the current extent, value and quality of the asset portfolio.
- **Goal:** The activity is deemed as balanced if the operating divisions are capable of structurally generating a so called positive operational cash flow which we calculate as being after deducting all expenses connected to the rental operations, including investments for the maintenance and improvement of property

Disposals and Investments

- **Policy:** investments are financed through the sale of (part of) the existing property. Investments are only done after the availability of the means is guaranteed. The level of investments are in such a way adjusted to the amount of disposals in a manner that satisfies our solvency requirements
- **Goal:** The size of the net investment program (with several years in mind) is tied to the incoming cash flow from the sales of existing property and considers the expected amount of 'unprofitables' with the aim of retaining stable solvency. Investments are only done after the total financing is in place

Prudent internal financial policies support a solid financial structure

- Our financial policy is centred on considering the financial profile of The Stadgenoot Group

Financial targets

- Internally adjusted Interest coverage ratio of at least 1.1x (with a lower limit of 1.0x).
 - At December 2010 we recorded 1.2 x for The Stadgenoot Group on this basis
- Solvency between 27.5% and 32.5% with a lower limit of 25% and a ceiling of 35%
 - Defined as Total Group Capital / Total Assets
 - We reported a ratio of 27.7% for The Stadgenoot Group (29,1% for Stadgenoot in 2010)
- At least maintaining the value of Stadgenoot's property portfolio

Other targets

- To have the highest CFV 'continuity assessment'. We target an 'A1' rating and a positive solvency opinion from the CFV
 - Stadgenoot's current rating is 'A2'
- To have a positive outcome in the annual creditworthiness appraisal of our financial position by the WSW

Risk Management – Interest rate

- WSW rules require that Housing Associations finance their rental assets for at least 92,50% with long term loans and fixed interest rates
- Loans that need to be refinanced or for which interest have to be reset within 12 months are generally limited to a maximum of 10% of total assets. In practice, this percentage usually remains below 5%.
- At December 2010, net of hedges, 13% of debt was floating rate (Current average interest costs after the impact of derivatives is 3.98%)
- Stadgenoot mainly uses Interest rate swaps to manage interest rate exposures
- All hedging is conducted at the Statgenoot level
- Deviations from the Interest Rate Risk Policy need to be approved by the Executive Board
- Stadgenoot's Finance Committee meets monthly to review, amongst other things funding costs, the hedged position and the cash-flow forecast. The Treasury Committee also makes tactical and operational decisions regarding the forecasted treasury activities.
- Interest rate risk positions form part of the quarterly management report to the Executive Board and to the Board of supervisors.
- Indexation of social housing rents provide a natural hedge against movements in inflation/rising interest rates

Interest rate repricing ladder December 2010

	Effective Interest-rate (%)	Total	0-12 months	1-2y	2-5y	>5y
Fixed-rate mortgage loans	2.870	100,000	50,000	50,000	-	-
Fixed-rate loans	4.413	913,148	48,337	78,259	162,320	624,233
Floating-rate mortgage loans		-	-	-	-	-
Floating-rate loans		520,200	-	25,000	110,000	385,200
Swaps (fixed rate paid)	4.410	502,475	10,000			492,475
Swaps (fixed rate received)	5.017	182,000		60,000	77,000	45,000
Swaps (variable rate paid)		-				
Swaps (variabel rate received)		-				

Prudent maturity, funding and interest-rate policy

As at 31st December

	Derivatives	Long term loans	Coupon	Duration
2009	€ 767,8 million	€ 1.456 million	4,28%	11,48
2010	€ 723,7 million	€ 1.533 million	4,06%	12,41

- Stadgenoot's prudent funding and interest-rate policy is reflected by the long duration of its fixed debt (including derivatives), that's a close match to the estimated duration of its assets



11. Financing

Group financial structure

- Stadgenoot is the principal operating business of The Stadgenoot Group and accounted for 95% of the Stadgenoot group's consolidated rentals and 95% of consolidated total assets in 2010
- Stadgenoot is also the borrower for WSW guaranteed loans
- Stadgenoot's legal status as a Toegelaten Instelling ('TI') requires senior management to ensure that the legal entity remains strong and solvent and capable of meeting its core objective of social housing provision. Legally TI's are only able to provide financing to subsidiaries if such financing would be viewed as not endangering the financial strength of the TI. Accordingly the willingness of Stadgenoot's senior management to finance subsidiaries is limited and where provided is usually on a short term basis.
- Some wholly owned subsidiaries of Stadgenoot do benefit from inter group funding from Stadgenoot either via overdraft facilities or loans. In aggregate € 56 million of funding was made available by Stadgenoot to subsidiaries at December 31st 2010
- Stadgenoot subsidiaries are allowed to borrow from financial institutions and the group's philosophy is that such funding is stand alone financing. Subsidiaries are not allowed to explore, discuss or engage in financial activities; they are always represented by Stadgenoot's Treasury Department.
- Stadgenoot does keep a tight control of its subsidiaries and their activities and all investment plans undertaken by subsidiaries require the approval of Stadgenoot senior management
- In almost all cases in which Stadgenoot enters into a JV or participation, it is in cases when a project is to be developed with other companies. There is an extensive addendum on the Annual Report explaining the nature and raison d'être of those liaisons.

Stadgenoot's liability structure principally reflects WSW financing rules

- At December 2010 €1.43bn out of €1.53bn of total financial liabilities at Stadgenoot were WSW guaranteed loans
- This large concentration in WSW guaranteed loans reflects WSW financing rules
- Until January 1 2011 Social Housing units were defined as units which had a construction cost of less than €240,000 / unit
- This effectively meant that if liberalised housing units could be constructed for less than €240,000 / unit then they would also qualify as 'social housing' units and thus benefit from the WSW guaranteed funding
- A pool of older liberalised housing units were caught under WSW guarantee financing. However over the last several years the cost of constructing liberalised housing units has risen significantly above €240,000 / unit and this has meant that such units, once constructed, have had to be financed by Stadgenoot with unguaranteed loans
- From January 1 2011 WSW financing rules changed. In order to qualify for WSW funding WSW have determined that social housing units are classified as such if the rent of a dwelling is below €652/ month
- The rules for financing commercial developments have also changed. Prior to Jan 1st 2011 a commercial development which was comprised of 2/3 social housing units and 1/3 commercial units would have qualified for WSW guarantees. From January 2011 only the social housing will qualify WSW guaranteed funding leaving commercial units needing to be financed with unguaranteed loans
- This change is at worst neutral for Stadgenoot but in a period of potential stress could work to Stadgenoot's advantage. The new rule allows us the option to redesignate the originally intended liberalised housing unit to social housing if we are prepared to rent it as a social housing unit (ie with a maximum rental of €652 / month to tenants with earnings below the €33.614 threshold). We want to emphasize that such a situation would only be an option if an external financial crisis would preclude us from accessing non-guaranteed financing.

No major change to financing expected following recent EC rulings

- Legislation changes due to compliance with the EC Ruling will affect the way Stadgenoot funds its business, but there is no sign that it will have a big impact on Stadgenoot's subsidiaries.
- The largest subsidiaries already have established separate financial relationships for the largest part of their funding.
- We expect that Stadgenoot will remain entitled to fund its daughter companies, as long as it charges market prices for the funding
- Where Stadgenoot is the sole investor in the investment project the financing for the construction of such developments comes initially from drawings under unguaranteed committed bank lines. Once the development is complete these drawings (to the extent permissible) are refinanced with WSW guaranteed bank loans
- Where Stadgenoot is a partial owner the construction of such investments is funded either with third party loans or via capital injections from the shareholders
- Our 32.3% investment in Far West is in the process of being wound down and reintegrated into Stadgenoot. The reintegration has been reviewed by the CFV, WSW and received all necessary approvals. Far West was funded mainly by WSW guaranteed long term loans (€388.5million at Dec 2010) and a €20million overdraft provided by ING. The members of Far West have also injected subordinated loans in proportion to their investments. The subordinated loan provided by Stadgenoot to Far West totals €39.4million

Stadgenoot's portfolio of unencumbered assets offers significant comfort to unguaranteed lenders

- Approximately 60% of Stadgenoot assets are subject to positive / negative pledges in favour of the WSW in support of their guarantees (based on December 2010 WOZ value of €5.7bn).
- The unencumbered asset base of Stadgenoot is approximately € 2.0 billion



12. Historic performance

Accounting specifics

- The Accounts are prepared under Dutch GAAP, a term used to indicate the whole body of authoritative accounting literature including the Dutch Civil Code (CC), and the Framework and the Guidelines on Annual Reporting ('GAR's') from the Dutch Accounting Standards Board.
- IFRS has not been adopted since IFRS is designed for use by profit oriented entities. GAR's however are designed for use both by profit oriented entities and certain not for profit organizations (such as Housing Associations)
- The methodology adopted to present the accounts is in line with EU guidelines for Housing Associations
- Far West (32.3% stake) is a significant joint-venture which was established by Stadgenoot and 2 other Housing Associations. It was originally established in 2000 for a fixed period of up to 15 years with the intention of redeveloping a pool of assets which were contributed by the shareholders. In H2 2010, the shareholders agreed to wind down Far West and the shareholders agreed that the assets they originally contributed would be transferred back to them. The WSW , CFV and auditors have approved the unwind of Far West and the partners are assessing tax implications currently. The impact of the unwind and reintegration of Far West on Stadgenoot is expected to be very limited

Stadgenoot : Income statement

A Significant recovery in 2009 and 2010

EUR millions	2008A	2009A	2010A
Income Statement			
Rental income	150.5	160.8	162.9
Other operating income	25.5	28.3	26.3
Ground lease	-2.6	-2.7	-2.8
SG&A	-135.2	-138.6	-112.5
EBITDCV before gains on disposals	38.2	47.9	73.9
Gains on existing property disposals	28.9	33.4	26.3
Gains on new property disposals	6.2	4.9	1.0
EBITDCV (1)	73.3	86.1	101.2
Depreciation of tangible fixed assets	-3.1	-2.5	-2.7
Other changes in value of tangible fixed assets (Unprofitable) (2)	-81.6	-38.5	-35.6
Special change in value of floating assets	-29.0	-10.2	0.5
EBIT	-40.4	34.9	63.4
P&L Interest charge	-54.7	-54.0	-53.5
P&L Interest income	3.1	1.6	4.2
Pre tax profit	-92.0	-17.4	14.0
P&L Tax charge	25.1	-6.9	3.1
Net result (pre minorities and change in value of tangible fixed assets)	-66.9	-24.3	17.1
Change in the current value of immovable property in use	-9.1	14.5	24.4
Minorities	-12.5	-4.3	-20.5
Net result	-88.5	-14.1	21.0

Including remunerations, activated production and other operating income

Proceeds of the assets sold less direct costs less book value of the assets

Provision raised on new unprofitable investments and changes in the value of the rental portfolio

Change in the value of land and unsold dwellings

Net of capitalized interest

Stadgenoot is a non-profit-making organisation. Its activity is therefore monitored to achieve a net result close to zero

(1) EBITDCV : Operating profit before interest, taxes, depreciation and changes in value

(2) in 2010:

- unprofitables as a consequence of newly built € 16.9 million
- unprofitables as a consequence of purchases of property € 0.3 million
- unprofitables as a consequence of house improvements € 18.3 million

Stadgenoot : Cash-flow

EUR millions	2008A	2009A	2010A
Cash flow			
EBITDCV	73.3	86.1	101.2
Other movements (provisions for changes)	1.2	0.6	8.3
Cash interest	-51.6	-52.3	-49.4
Cash taxes	0.0	0.0	0.0
Funds from Operations	22.9	34.4	60.1
Working capital changes	-6.9	-44.5	30.9
Cash Flow from Operations	16.0	-10.1	91.0
Net Capex	-220.7	-148.2	-105.0
<i>Proceeds from disposal of existing property</i>	24.5	42.5	43.8
<i>Proceeds from disposal of new property</i>	45.4	4.2	8.2
<i>Investment in property in service of the rental operations</i>	-5.3	-1.9	-5.2
<i>Investments in properties for rent</i>	-54.6	-105.7	-120.8
<i>Investments in newly built houses for sale</i>	-125.1	-28.2	-8.2
<i>Investments in existing property</i>	-105.7	-59.1	-22.9
Free Operating Cash Flow	-204.7	-158.3	-14.0
Change in financial fixed assets	-33.9	26.8	14.2
Result from participating interests	-12.5	-4.3	-20.5
Reported debt			
Gross debt	1,449.2	1,577.5	1,599.4
<i>Long term debts</i>	1,281.3	1,475.7	1,542.6
<i>Debts to credit institutions</i>	27.4	36.3	11.4
<i>Other debts</i>	140.5	65.5	45.4
Cash available	10.4	2.8	4.4
Reported net debt	1,438.9	1,574.6	1,595.0
Solvency			
Total assets	2,293.1	2,368.3	2,406.9
Equity	692.5	678.4	699.4
Solvency ratio	30.2%	28.6%	29.1%

Cash flow from divestments is monitored before investments are made.

Significant reduction in 2009 and 2010 investments to cope with the challenging operating environment

The reduced amount of required financing reflects the slowdown in Stadgenoot's development policy during the crisis

Stadgenoot : Assets

EUR millions	2008A	2009A	2010A
Assets			
Total fixed assets	2,135.8	2,181.3	2,247.3
Tangible Fixed Assets	1,904.1	1,976.5	2,056.7
Immovable property in use	1,822.4	1,883.9	1,939.2
Immovable property under development	42.0	53.5	92.0
Immovable property and movable property at the service of rental operations	39.7	39.2	25.5
Financial Fixed Assets	231.7	204.8	190.6
BWS subsidies to be claimed	4.6	3.5	0.0
Participating interests in group companies	61.5	72.5	78.1
Claims on group companies	57.4	26.5	27.1
Other participating interests	55.6	49.3	33.2
Claims on other participating interests	50.9	51.4	50.8
Other claims	1.7	1.5	1.4
Total Floating Assets	157.3	187.0	159.6
Stocks (Raw materials and unsold housing units)	45.2	54.1	54.7
Ongoing Projects	16.7	14.5	12.2
Claims	85.0	115.5	88.2
Rent creditors	2.8	4.2	3.0
Group companies	37.2	48.8	37.3
Taxes and social insurance premiums	25.1	30.2	29.9
Other claims and authorities	10.3	9.5	5.2
Prepayments and accrued income	9.6	22.8	12.9
Liquid Assets	10.4	2.8	4.4
Total Assets	2,293.1	2,368.3	2,406.9

Comprises rental real estate assets (apartments, housing units) which are valued on a 'going concern basis' which is an assessment of the NPV of the future cash-flows (ie rents) minus the cash amount of future costs estimated over the remaining life of the rental units

'Assets under development' are valued on the basis of costs incurred (including interest) net of provisions for additional unbudgeted costs and risks

Comprises Head Office assets and other fixed assets (fixtures and fittings etc) which are written off over their depreciable lives

BWS Subsidies are legacy subsidies relating to a previous social housing system dating back to 1994 – these subsidies are slowly running off

Comprises Stadgenoot's equity investments in non consolidated entities which are valued at their net asset value

Mainly :
 Far West (32.33% stake) : 39.4
 BLP 1 properties BV : 3.8
 Stichting Inzet II : 3.1
 Prospect Zuidas BV (25% stake) : 3

Stadgenoot : Liabilities

EUR millions	2008A	2009A	2010A
Liabilities			
Total group capital	692.5	678.4	699.4
Capital	0.0	0.0	0.0
Statutory reserves participating interests	15.8	9.3	9.0
Other reserve	676.7	669.0	690.3
Total provisions	56.0	43.3	37.2
Provision participating interests	2.0	2.2	10.5
Provision for unprofitable investments (1)	52.7	27.4	16.3
Other provisions	1.3	13.7	10.3
Total long-term liabilities	1,281.3	1,475.7	1,542.6
Loans	1,272.6	1,466.9	1,533.3
Securities	8.7	8.8	9.2
Total current liabilities	263.2	170.9	127.8
Debts to credit institutions	27.4	36.3	11.4
"Ongoing projects" amounts paid in advance	9.7	2.6	0.4
Debts to suppliers	20.1	10.5	3.7
Debts to group companies	9.8	6.2	22.0
Taxes and social insurance premiums	7.3	7.8	4.9
Other debts	140.5	65.5	45.4
Prepayments and accrued income	48.3	42.0	39.9
Total equity & liabilities	2,293.1	2,368.3	2,406.9

As Stadgenoot has no shareholders it has no subscribed capital

Reflects any change in the net asset value of the Stadgenoot's equity participations

Represents the cumulative NPV of rental income generated by all of the apartments and housing units which are valued on a 'going concern basis' adjusted for the NPV of future assets which are planned to be sold and after deduction of outstanding loans

Represents the sum total provision raised for new unprofitables (new social housing units) and adjustments required (due to revised assumptions on other unprofitables under development)

- (1) In general, Social housing units have negative NPV's (so-called unprofitables) whereas private housing have positive NPVs. A provision is taken annually for unprofitables through the p&l to reflect developments approved (the provision is taken at the moment the investment decision is made) – there is typically less than a year between the approval of a project and construction starting. Each year the unprofitables are reassessed and any changes in the key assumptions and interest rates are reflected in adjustments to the provision. The movements in the balance sheet provision over a 12 month period reflect new provisions raised for new approved developments and the changes in provisions for previously approved projects

When the historic costs exceed the provision, the provision is subtracted from the costs at the credit side of the balance. When the provision exceeds the historic costs, then the total of the historic costs is reduced to zero and the provision left is represented at the credit side.

2010 Stadgenoot contingent liabilities

- **Liability for the Waarborgfonds Sociale Woningbouw:** As at December 31st, 2010, Stadgenoot has an outstanding liability to the amount of € 59 million in connection with the guarantees given by the WSW. This guarantee can be called if it is found that WSW's capital base is insufficient to meet the guarantee claims on the WSW
- **Guarantees given in connection with a loan provided by FGH Bank NV to BLP 1 Properties BV.:** Stadgenoot guarantees 50% of the interest and principal. The total amount of the loan is €28million which falls due on Dec 31st 2011
- **Collateral for the DIGH Loan:** Stadgenoot has stood surety for € 4.7 million for the redemption of loans of the foundation Dutch International Guarantees for Housing. The foundation uses the funds of this loan to support the construction of housing in Suriname (in association with st. Brasa)
- **Rent & Buy:** The overall rent & buy liability for rent & buy houses that have been sold on the basis of buy-back prices in 2010, amounts to more than € 3.9 million at the end of 2010
- Our audited accounts make reference to Ground Lease Liabilities in Respect of Existing Property. These liabilities are already factored in to our going concern valuation. For houses newly built from 1976 onwards, the ground lease has been bought off. The annual ground lease liabilities of the other ground lease contracts amount to € 2.4 million in 2010. We also have small Car Lease contracts which are also factored in to the going concern valuation



Appendix

Accounts for The Stadgenoot Group

The Stadgenoot Group : Income statement

EUR millions	2008A	2009A	2010A
Income Statement			
Rental income	156.4	167.8	171.2
Other operating income	29.6	30.1	29.0
Ground lease	-2.646	-2.73	-2.853
SG&A	-139.9	-143.1	-117.8
EBITDCV before gains on disposals	43.5	52.1	79.6
Gains on existing property disposals	29.1	33.7	26.4
Gains on new property disposals	11.3	6.3	0.0
EBITDCV	83.8	92.1	106.0
Depreciation of tangible fixed assets	-3.2	-2.5	-2.8
Other changes in value of tangible fixed assets (Unprofitable) (1)	-83.9	-39.1	-35.9
Special change in value of floating assets	-31.409	-10.23	0.5
EBIT	-34.8	40.3	67.8
P&L Interest charge	-57.8	-55.5	-56.1
P&L Interest income	1.173	0.805	4.284
Pre tax profit	-91.4	-14.4	15.9
P&L Tax charge	24.5	-7	3.4
Net result (pre minorities and change in value of tangible fixed assets)	-66.9	-21.4	19.3
Change in the current value of immovable property in use	-6.3	15.2	27.9
Minorities	-15.3	-7.9	-26.2
Net result	-88.5	-14.1	21.0

Including EUR 11.5m from the sale of student units in 2009

Comprising in 2010 :

- + sale of newly built houses (EUR 12.2m)
- work contracted out (EUR 8.1m)
- change in ongoing projects (EUR 4.2m)

(1) in 2010:

- unprofitables as a consequence of newly built € 16.9 million
- unprofitables as a consequence of purchases of property € 0.3 million
- unprofitables as a consequence of house improvements € 18.6 million

The Stadgenoot Group : Cash flow

EUR millions	2008A	2009A	2010A
Cash flow			
EBITDCV	83.8	92.1	106.0
Other movements (provisions for changes)	0.5	12.3	-0.6
Cash interest	-54.7	-54.7	-51.8
Cash taxes	24.5	-7.0	-0.3
Funds from Operations	54.1	42.7	53.2
Working capital changes	-22.9	-42.8	16.0
Cash Flow from Operations	31.3	-0.1	69.2
Net Capex	-294.8	-157.5	-117.4
<i>Proceeds from disposal of existing property</i>	25.7	42.5	43.8
<i>Proceeds from disposal of new property</i>	49.9	8.5	9.3
<i>Investment in property in service of the rental operations</i>	-5.3	-1.9	-6.1
<i>Investments in properties for rent</i>	-101.4	-96.9	-113.8
<i>Investments in newly built houses for sale</i>	-115.0	-26.9	-22.6
<i>Investments in existing property</i>	-148.6	-82.7	-27.9
Free Operating Cash Flow	-263.5	-157.6	-48.1
Change in financial fixed assets	5.3	8.6	22.2
Result from participating interests	-15.3	-7.9	-26.2
Reported debt			
Gross debt	1,514.3	1,672.1	1,725.8
<i>Long term debts</i>	1,326.4	1,541.9	1,632.6
<i>Debts to credit institutions</i>	47.4	65.6	47.8
<i>Other debts</i>	140.5	64.5	45.4
Cash available	30.1	30.9	32.5
Reported net debt	1,484.2	1,641.1	1,693.3
Solvency			
Total assets	2,379.1	2,479.8	2,526.7
Equity	692.5	678.4	699.4
Solvency ratio	29.1%	27.4%	27.7%

The Stadgenoot Group : Assets

EUR millions	2008A	2009A	2010A
Assets			
Total fixed assets	2,171.8	2,247.6	2,310.0
Tangible Fixed Assets	2,076.0	2,160.4	2,245.0
Immovable property in use	1,930.0	2,017.1	2,081.2
Immovable property under development	106.1	103.9	137.2
Immovable property and movable property at the service of the rental operations	39.9	39.3	26.5
Financial Fixed Assets	95.8	87.2	65.1
BWS subsidies to be claimed	4.6	3.5	0.0
Other participating interests	38.6	30.7	12.9
Claims on other participating interests	50.9	51.4	50.8
Other claims	1.7	1.5	1.4
Total Floating Assets	207.3	232.2	216.6
Stocks (Raw materials and unsold housing units)	65.4	69.5	85.7
Ongoing Projects	41.6	38.8	32.2
Claims	70.2	93.0	66.2
Rent creditors	3.1	4.6	3.3
Taxes and social insurance premiums	25.2	30.1	30.6
Other claims and authorities	14.3	19.1	9.8
Prepayments and accrued income	27.7	39.1	22.5
Liquid Assets	30.1	30.9	32.5
Total Assets	2,379.1	2,479.8	2,526.7

The Stadgenoot Group : Liabilities

EUR millions	2008A	2009A	2010A
Liabilities			
Total group capital	692.5	678.4	699.4
Capital	0.0	0.0	0.0
Statutory reserves participating interests	15.8	9.3	9.0
Other reserve	676.7	669.0	690.3
Total provisions	58.7	42.8	30.4
Provision for latent tax obligations	0.4	12.2	9.0
Provision for unprofitable investments	56.7	28.5	19.8
Other provisions	1.7	2.2	1.6
Total long-term liabilities	1,326.4	1,541.9	1,632.6
Loans	1,317.3	1,532.4	1,622.6
Securities	9.2	9.5	10.0
Total current liabilities	301.4	216.7	164.4
Debts to credit institutions	47.4	65.6	47.8
“Ongoing projects” amounts paid in advance	12.1	5.1	0.9
Debts to suppliers	40.1	28.3	20.6
Taxes and social insurance premiums	7.0	6.6	3.1
Other debts	140.5	64.5	45.4
Prepayments and accrued income	54.4	46.6	46.5
Total equity & liabilities	2,379.1	2,479.8	2,526.7

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