

Press release

The Royal BAM Group and Capricorn Capital Group have developed a unique structure for the investment in turn-key new build social housing units to be managed by Dutch housing associations.

Bunnik / Utrecht, the Netherlands, 8 January 2015 – The Royal BAM Group and Capricorn Capital Group BV have in close collaboration established a unique investment structure for social housing projects in the Netherlands. The new model allows housing associations to develop social housing on their building plots, without running the construction and/ or financial risks. It follows a feasibility study by residential building company BAM Woningbouw and the investment company Capricorn Capital Group BV conducted with a Dutch housing association.

Due to the changing circumstances on the Dutch residential market over the last years, the housing associations are limited in the amount of new residential constructions they can develop on their own building plots. BAM and Capricorn have cooperated to develop an investment structure whereby new social housing developments will be possible without construction risk and with a positive cash flow from day one onwards. For this investment, Capricorn has established the Capricorn Housing Association Fund I (the Fund).

The Fund

The structure has a duration of twenty years with a break option in year ten. The building plot is owned by the housing association for which it signs a leasehold agreement with the Fund for the duration of the structure. BAM develops and constructs the social housing units (either being single family homes or apartments), based on the program of requirements of the housing association and the local government.

The properties will be turn-key delivered to the Fund. The Fund will sign a triple-net-lease and management agreement with the housing association for the duration of the structure. BAM will provide the general maintenance based on service level agreements, for the duration of the structure.

At the break in year ten the housing association has the first right to buy the buildings at a price determined at the outset of the agreement. If the housing association does not make use of its right, the Fund may exercise the right to buy the land at a pre-agreed residual value and sell the buildings incl. land on the open market. If neither right is exercised, the structure continues towards year twenty where the same set-up applies as in year ten.

The two companies have performed a feasibility study with a positive outcome, which resulted in the signing of a Letter of Intent at the end of December 2014 between the three stakeholders. The investment structure for the first project is due to start in July 2015, with the construction of an apartment building in the social sector.

Long term added value

This public-private investment structure is unique in its sort and offers long term added value for all parties involved and will therefore encourage further investment in social housing, overcoming the current market constraints.

Profile of the partners:

BAM Woningbouw is continuously working with leading partners to develop innovative products and concepts that have a lasting and positive impact on our living environment. This leads to products suitable for current and future needs of consumers and clients. BAM thinks in total solutions, not just in bricks.

Capricorn Capital Group BV is an investment and management organization based in Utrecht and coming forth out of a Swiss Family Office. Capricorn has a team of five senior professionals on the ground with backgrounds in real estate (development), fund management, legal consultancy and M&A and the financial sector. Capricorn manages and invests in Dutch real estate (residential, residential developments and student developments). The company has a long-term investment view, in which it looks primarily to long-term buy-and-hold strategies. Capricorn is investing in its projects together with renowned (inter-)national (co-)investors of reputable name.

Further information:

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