



Fixed Income Investor Roadshow





October 6, 2021

Presenting to you today



	Gertjan van der Baan	Frits Vervoort	Frans Baas	Stephan de Bie
Title	CEO	CFO	Treasurer	Program Manager Sustainability
In office since	2014 (reappointment until Jan 2026)	2016 (second term until Oct 2024)	2018	2018
In real estate since	2002	2016	2018	2011
Previous experience	<ul style="list-style-type: none"> • Van Herk Groep/ Nagron (CEO) • Kempen & Co 	<ul style="list-style-type: none"> • Grontmij • Vedior • Deloitte 	<ul style="list-style-type: none"> • ING Bank • Lloyds Bank • ABN AMRO 	<ul style="list-style-type: none"> • Innax • Corporate Facility Partners

Management Team

 <p>Gertjan van der Baan – CEO Appointed in 2014 Previous experience: CEO Van Herk Groep</p>	 <p>Astrid Schlüter – COO Appointed in 2013 Previous experience: Jacobus Recourt</p>
 <p>Frits Vervoort – CFO Appointed in 2016 Previous experience: Grontmij, Vedior</p>	 <p>Pieter Knauff – CIO Appointed in 2015 Previous experience: Van Herk Groep</p>

Supervisory Committee

Jaap Blokhuis	Chairman of the Supervisory Committee
Seada van den Herik	Chairman of the NomRem ¹ Committee
Hans Copier	Member of the Audit Committee
Theo Eysink	Chairman of the Audit Committee
Eva Klein Schiphorst	Member of the NomRem ¹ Committee

1. NomRem = Nomination and Remuneration

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Introduction to Vesteda

Vesteda is the leading Dutch residential investment fund



Introduction

- Vesteda is an institutional residential investor with a **large and varied portfolio** of homes in **economically strong** and **large city areas of the Netherlands**
- With a portfolio of **27,791 residential units** worth **€8.6bln**, Vesteda is the **largest Dutch** independent institutional **residential investor**
- Vesteda's focus on the **mid-rental segment** with **monthly rents between €750-€1,200**, is cost-efficient and has **in-house property management team**
- Vesteda ensures a **stable growth of rental income** and **MSCI outperformance** by focusing on improving the quality and sustainability of our portfolio
- **Main shareholders** include APG/ABP, NN Group, Allianz RE, PGGM, Asian investor



Dutch residential rental market



Mid-rental sector



Primary regions

Key characteristics (HY 2021 figures)

27,791 Residential units	€8.6bln Investment portfolio value	977 Committed pipeline	97.5% Occupancy rate
€335mln Gross rental income (FY 2020)	2.8% Like-for-like growth rate	c. €300k Average price per unit	€1,066 Average monthly rent ¹
Five Star GRESB score, #4 ranking	A- S&P credit rating (upgraded April 2021)	22.8% Leverage ²	32 bps TER ³ (FY 2020)

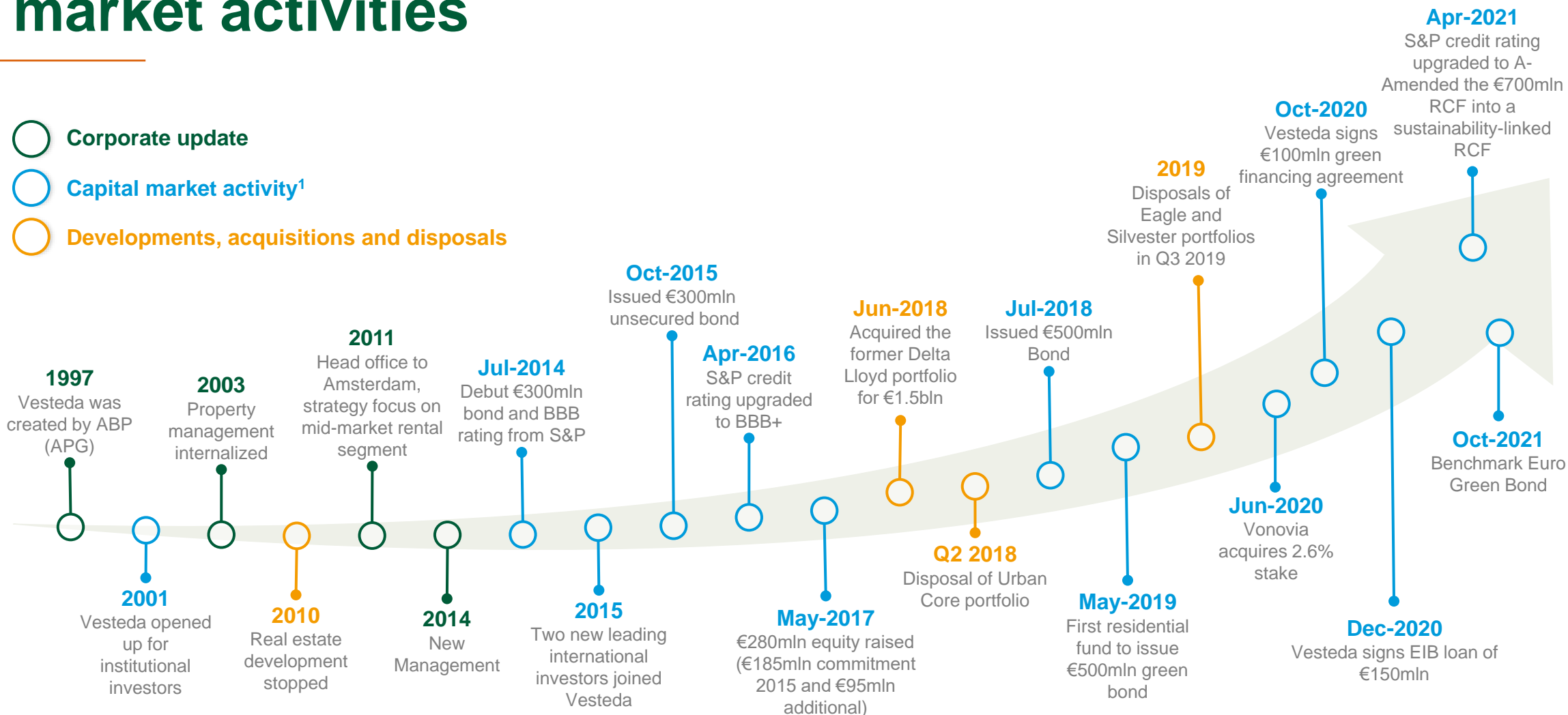
Source: Company information

¹ Based on appraisals; ² Excluding IFRS 16; ³ Total Expense Ratio: Total management expenses divided by average GAV expressed in basis points

Vesteda has a strong track record of capital market activities



- Corporate update
- Capital market activity¹
- Developments, acquisitions and disposals



Source: Company information

Note: ¹ Please refer to page 21 for all recent equity issuances



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Key credit highlights

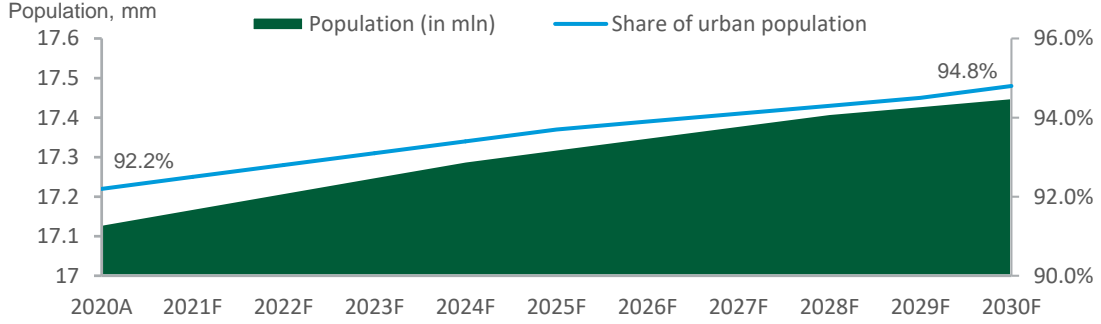
Key credit highlights



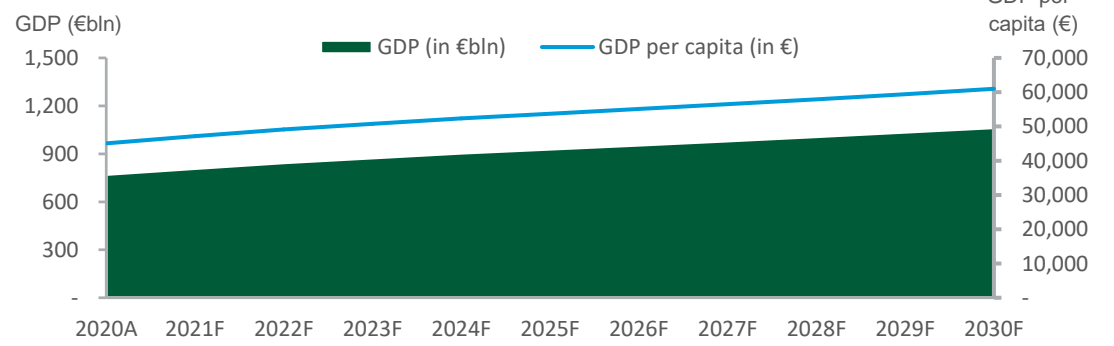
1 Resilient Dutch macroeconomic factors supporting its residential sector



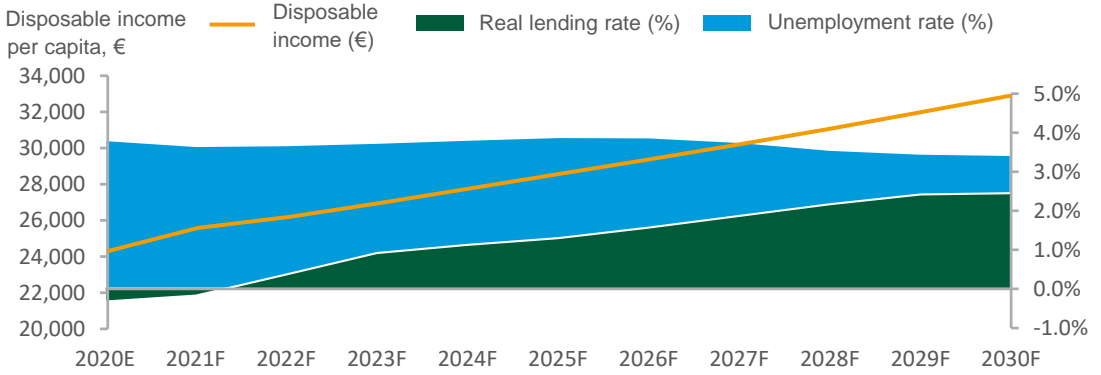
The Dutch population is predicted to gradually grow, whilst becoming relatively more urban



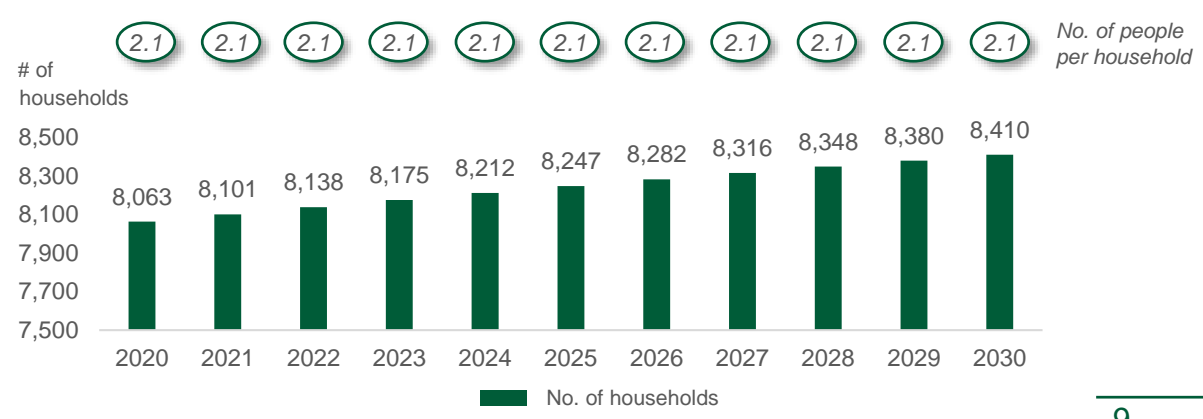
GDP growth expected to increase in the future



Low unemployment rate and higher disposable income to support the Dutch real estate sector



The size of Dutch households is set to remain stable, yet the number is forecasted to grow

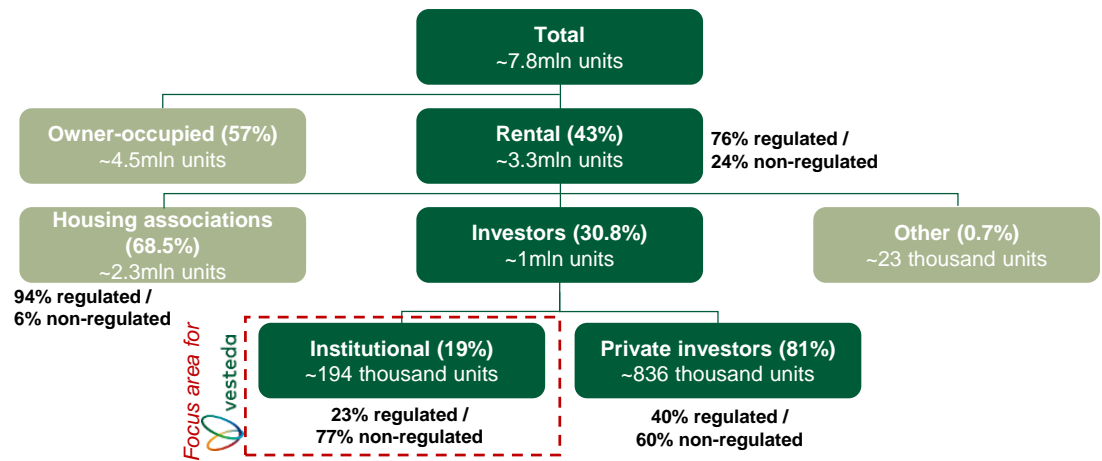


Source: Eurostat, Fitch Solutions; Business Monitor International Ltd (2021), The Economist Intelligence Unit; IHS Markit

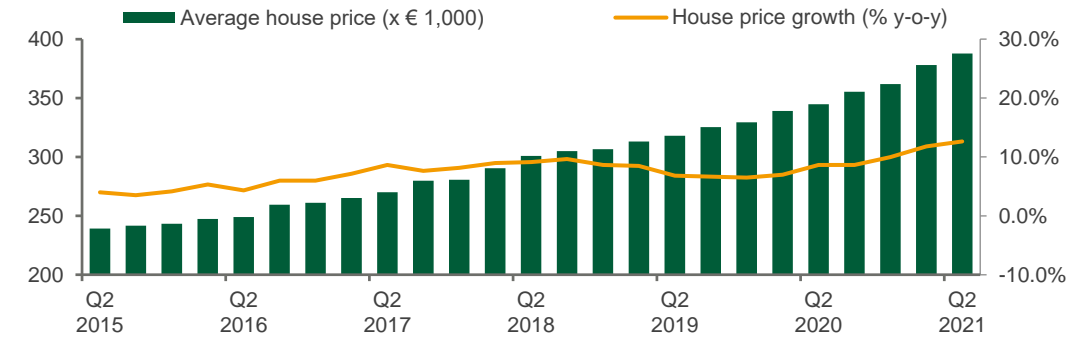
1 Strong Dutch residential fundamentals...



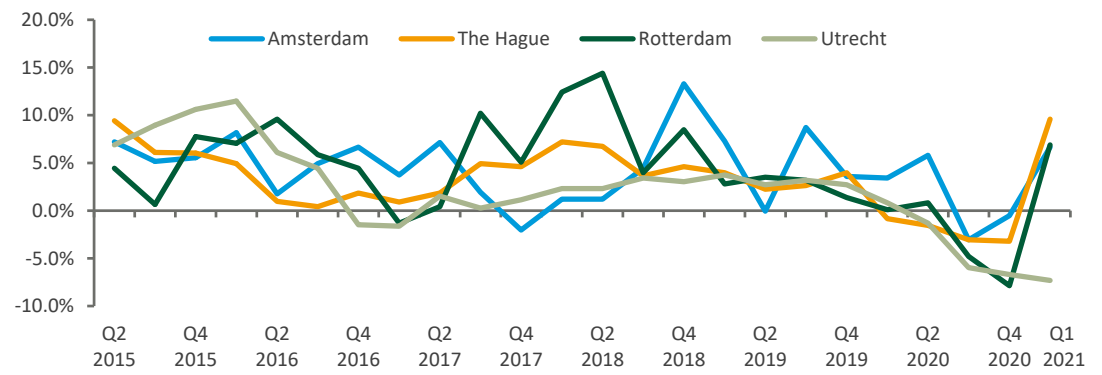
Breakdown of Dutch residential market



Rising average house prices



Rental growth on track to recover to pre Covid levels



Key trends

- Rental residential market looks well positioned for growth despite the economic fallout as a result of the Covid-19 pandemic, supported by positive long-term demand and supply fundamentals
- The combination of income stability and expected value growth could increase investor interest and is expected to push yields even lower
- However, increasing house prices and lack of supply is causing more pressure on the affordability of housing, especially in the urban regions
- Increasing affordability constraints trigger potential tighter regulation against (excessive) rent rises in the segment on a national level

Source: DWS, December 2020, ABF, WOX Monitor Calcasa, Pararius

1

... supported by increasing housing shortage



- Due to **scarcity of new locations, long lead times for developments, limited capacity** to scale up building projects and **regulations**, there is a **shortage of ~284,000 units** and is expected to **increase to ~924,000 in 15 years**
- While **housing shortages** and **house prices continued to rise**, the **need for more affordable housing** increased and both national and local authorities are looking for ways to **solve this problem**:
 - **First-time home buyers**, <35-year-old, are now **exempt from transfer tax**
 - Dutch government announced a **rent freeze for the regulated segment in 2021** and a **maximum rent increase of CPI + 1%** for the liberalised segment (3 years)
 - Local authorities have already implemented measures for **new-build projects** such as **regulated market rent, min. operating period and max. annual rent increase**
 - Local authorities can implement additional housing regulations. Examples are the municipality of The Hague and Zoetermeer, where income requirements are used
- The **government is launching several initiatives to stimulate the construction of new homes**

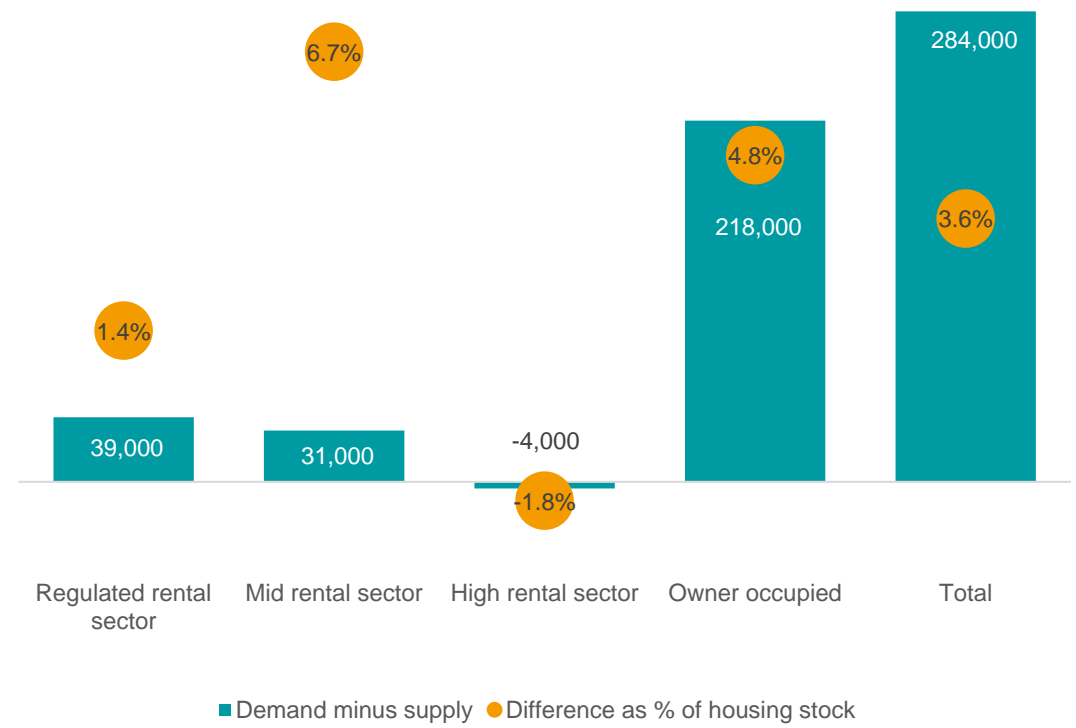


Actions by Vesteda

- From 2020, Vesteda **voluntarily capped the annual rent increase** for the liberalised rental contracts to CPI + 1%, below the maximum contractually agreed, contributing to affordable living for Dutch middle-income households
- Vesteda has embraced the regulated mid-rental segment in 2020 as a new investment category, while **maintaining long-term value growth potential** beyond the restrictive period
- Quality investments made to mitigate possible negative impact of increased regulation

Source: ABF

Current mismatch between demand and supply

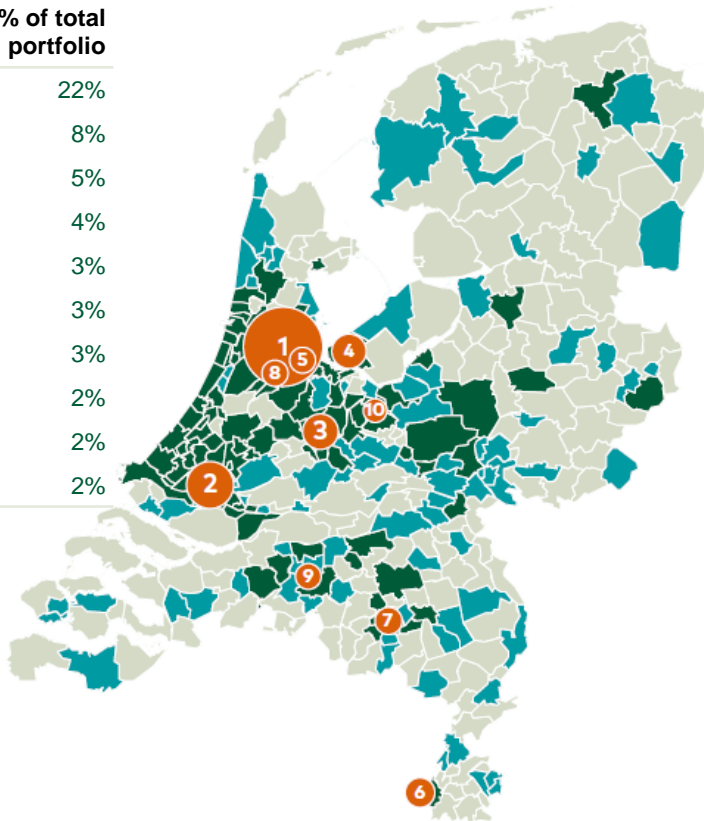


2 High quality and sustainable portfolio in dynamic regions...



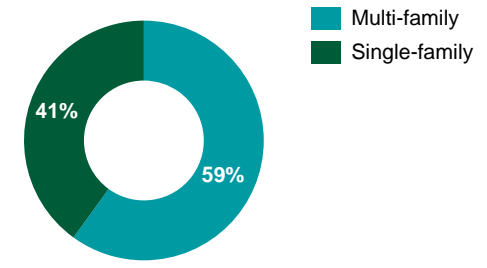
Portfolio distribution (as per HY 2021)

Top 10 regions	€mln	% of total portfolio
1 Amsterdam	1,872	22%
2 Rotterdam	622	8%
3 Utrecht	383	5%
4 Almere	365	4%
5 Diemen	296	3%
6 Maastricht	273	3%
7 Eindhoven	221	3%
8 Amstelveen	204	2%
9 Tilburg	201	2%
10 Amersfoort	200	2%



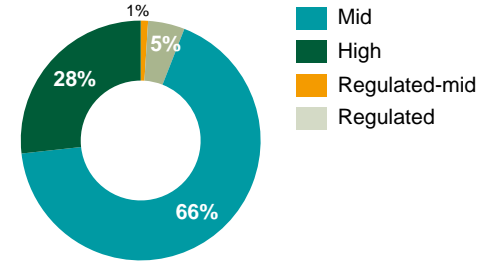
- Primary regions
- Secondary regions
- Other
- Top 10 region by portfolio value

Portfolio by type of residential unit



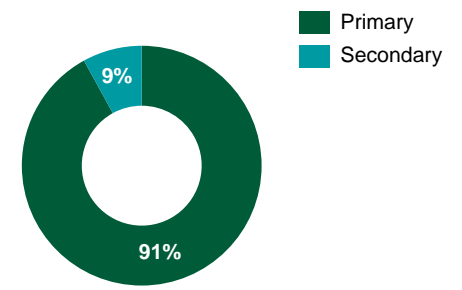
Good balance of multi-family and single-family homes

Portfolio by rental segments



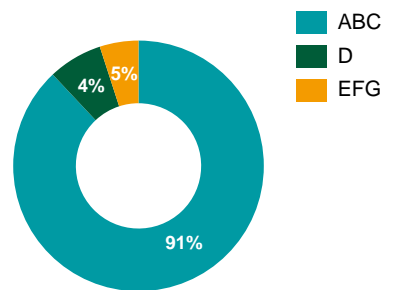
Clear focus on the mid-rental segment

Portfolio by region



Strong focus on Primary regions

Energy labels



>90% of portfolio already in ABC category

Source: Company information

Note: Primary regions are regions that offer the highest market potential for the non-regulated rental sector.

These regions are characterised by a high market potential and low market risks. Secondary regions have a lower score than primary regions but have a positive economic and demographic outlook.

... with continued focus on the mid-rental segment

Improving the quality, value and composition of our portfolio

- Continued **focus on mid-rental properties** in primary regions
- Value creation** in portfolio through active management:
 - Improve quality** through **new acquisitions** and looking for **renovation or redevelopment** opportunities
 - Improve sustainability** and **reduce carbon footprint** of portfolio
 - Limited **individual units and complex sales**
- Strong focus on **opportunities** caused by **changing regulations and market dynamics**

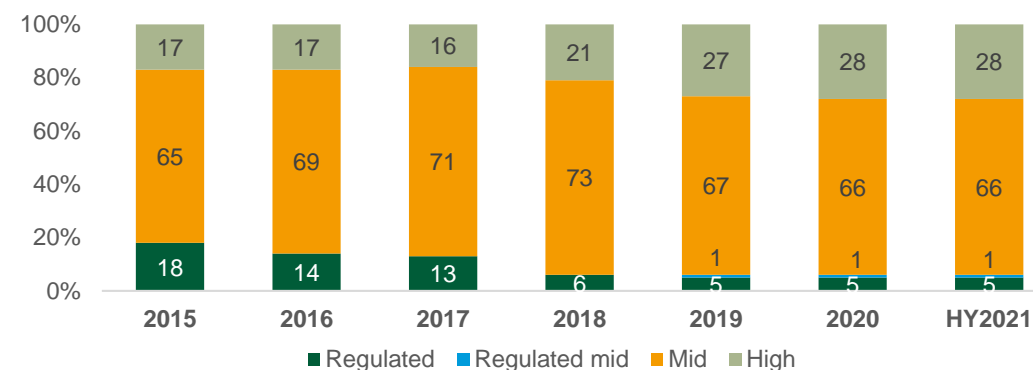
Acquisitions

- Selectively seize **opportunities** through the **economic real estate cycle**
- High preference for **regulated mid-market product** with an attractive risk/return profile
- Willingness for **more development risk** for **affordable and standardized product**
- Opportunistic approach** to assets-for-equity transactions

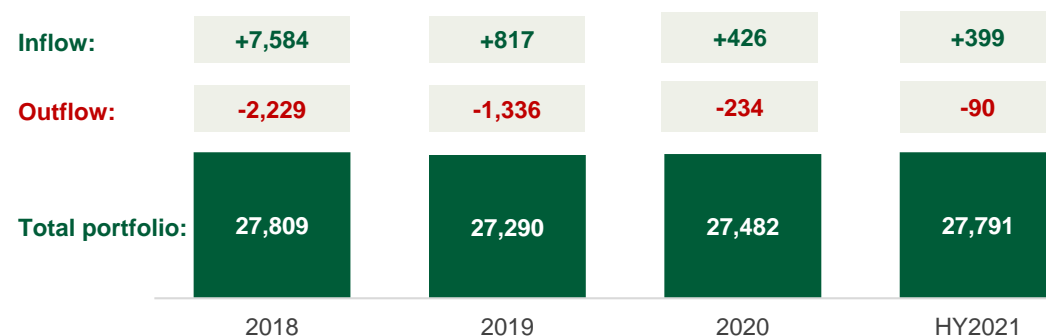
Disposals

- Limited disposal strategy** post the disposals in 2018 and 2019

Portfolio by rental segment (%)



Portfolio (# units)



Source: Company information

Note: Regulated rental segment - Residential properties with rents below the deregulation limit (€737.14 in 2020); Mid rental segment - Sector of the residential property market for rental properties with a net monthly rent from the regulated level to approximately €1,200, excluding service costs; Regulated mid rental segment - See mid rental segment. In addition, the contract may include additional conditions, such as a maximum initial rental price, a minimum operating period and a maximum annual rental price indexation; High rental segment - Sector of the residential property market for rental properties with a net monthly rent of over approximately €1,200, excluding service charges

2 Development of the portfolio



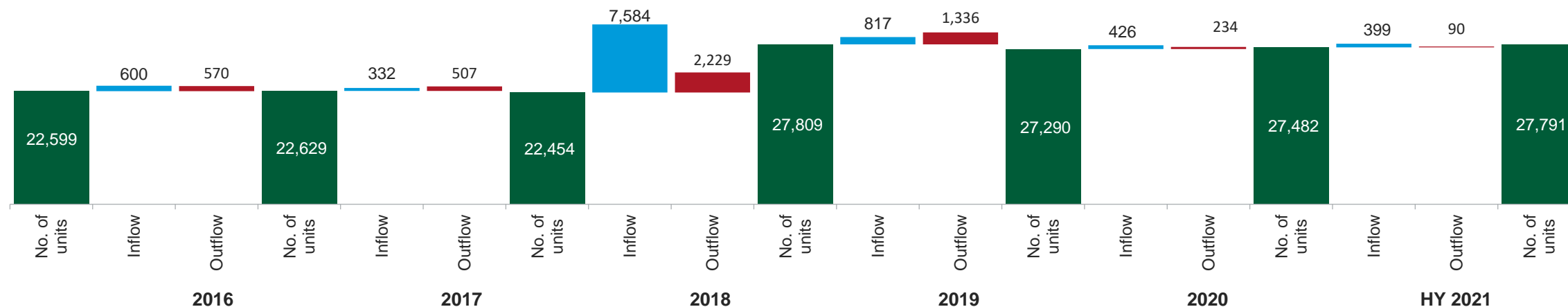
Acquisitions and disposals

Value of portfolio (€mln)	2016	2017	2018	2019	2020	HY 2021
At start of year	3,726	4,207	4,778	7,024	7,818	8,213
Inflow	167	90	1,750	246	116	141
Capex	23	25	34	44	42	40
Outflow	(84)	(81)	(298)	(240)	(61)	(25)
Revaluation	375	537	760	617	273	259
Right of use assets (land lease)	-	-	-	127	26	(3)
At year-end	4,207	4,778	7,024	7,818	8,213	8,625

Key observations

- Vesteda **divested 90 units** in the first half year of 2021 that no longer met our key investment criteria
- **Revaluations at half year 3.1%**, compared to 3.5% at year end 2020
- **Added 133 homes to the committed pipeline**; pipeline at end of first half year 2021 amounted to 977 homes

Development of portfolio (# of units)



2 Acquisition pipeline in line with Vesteda's strategy



Composition of the committed pipeline at HY 2021

	Residential building	Location	# of units	Type	Region	Rental segment	Expected completion
1	Tromppark	Dordrecht	20	Single-family	Primary	Mid	2021
2	Westerwal	Groningen	171	Multi-family	Primary	Mid	2022
3	Goudshof	Gouda	72	Multi-family	Primary	Mid	2022
4	Frank is een Binck	Den Haag	205	Multi-family	Primary	Reg/Mid	2023
5	The Ox	Amsterdam	168	Multi-family	Primary	Reg/Mid	2023
6	Regent II	Den Haag	98	Multi-family	Primary	Mid	2023
7	Tetem III	Enschede	110	Multi-family	Primary	Mid	2023
8	Imagine	Rotterdam	133	Multi-family	Primary	Mid	2024
	Total committed pipeline¹		977				
	Total value of committed pipeline¹		€316mIn				

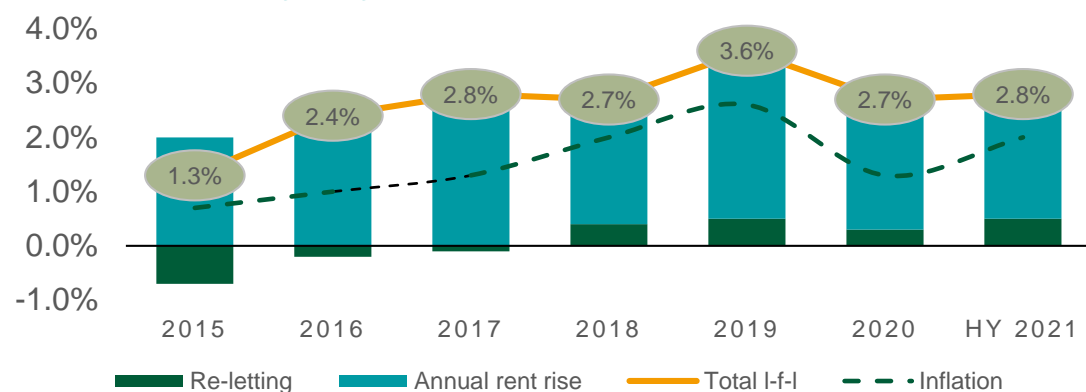


Source: Company information

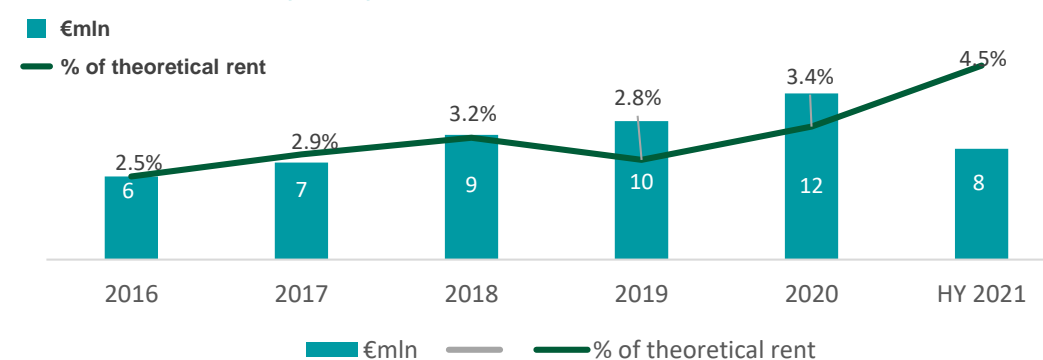
Note: ¹ Soft pipeline (exclusive negotiations) consists of 983 units with an investment value of €355mIn

Stable and growing net rental income and net cash flow

Like-for-like (y-o-y) in % of theoretical rent



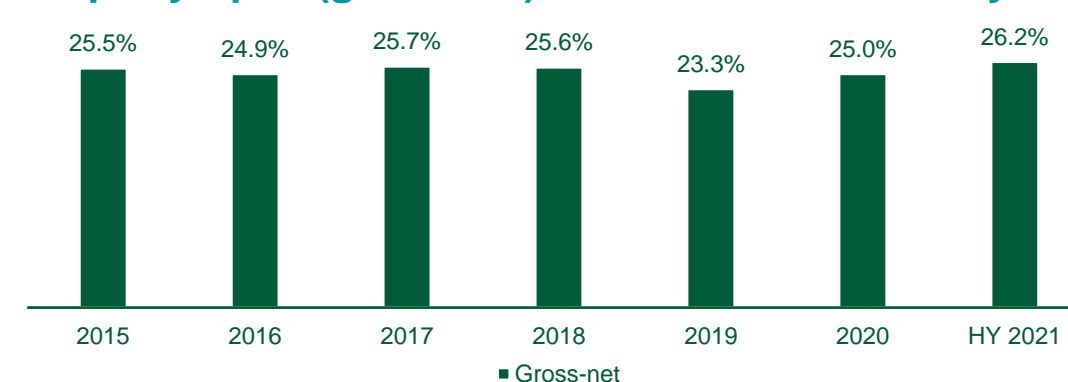
Like-for-like (y-o-y) in % of theoretical rent



Comments

- The **like-for-like rent remained stable at 2.8% per HY 2021**, consisting of 2.2% as a result from the annual rent increase and 0.5% from re-lettings
- The loss of rent was 4.5% in HY 2021, which was higher than the 2.9% in the same period of last year, primarily due to higher vacancy in the higher rental segment
- Gross/net ratio increased to 26.2% (25.0% in YE2020) mainly due to higher operating expenses

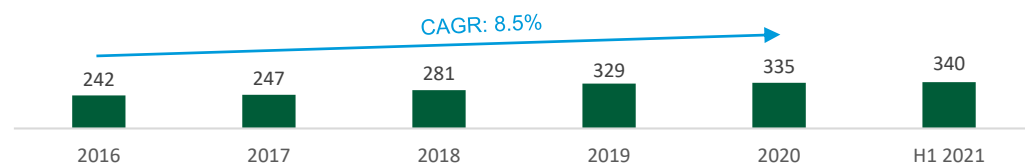
Property opex (gross-net) in % incl. landlord levy



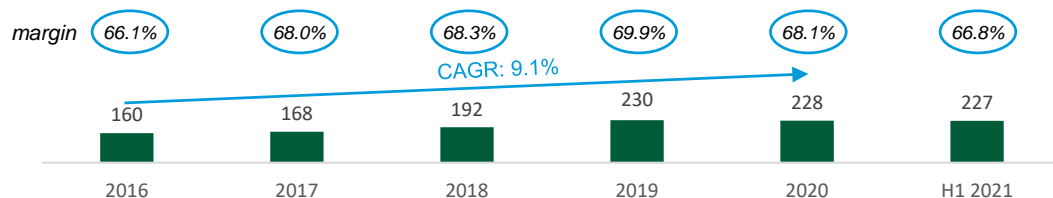
Historical results – Key KPIs and ratios



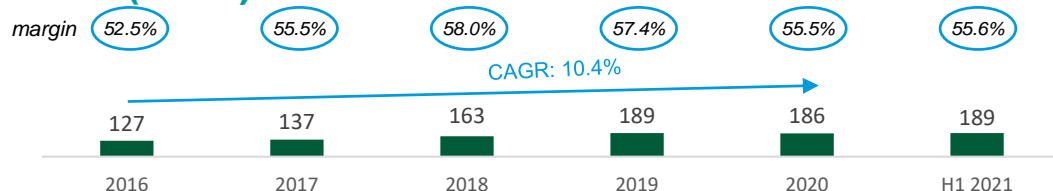
GRI (€mIn)



EBITDA¹ (€mIn)

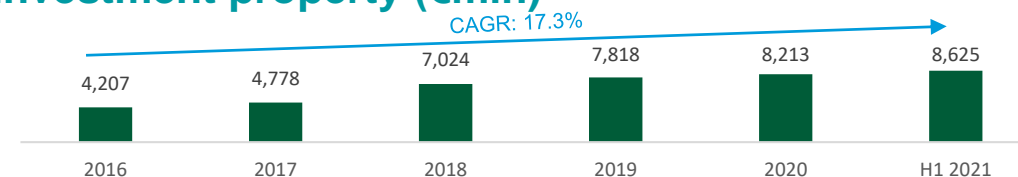


FFO² (€mIn)

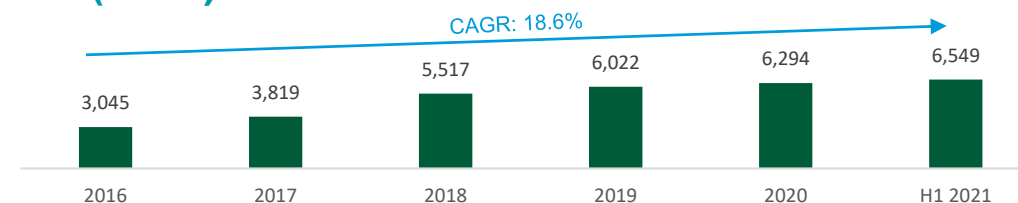


- **GRI growth** driven by annual rent increase from **like-for-like growth, re-lettings** and higher number of units from **acquisitions and pipeline projects**
- **Stable EBITDA and FFO margins**
- **Significant decrease in cost of debt⁴** from 2.8% in 2016, to 1.9% in 2020

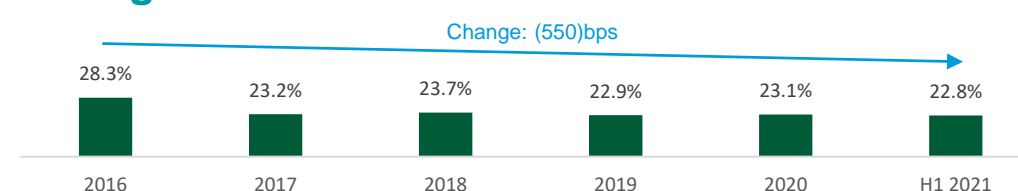
Investment property (€mIn)



NAV (€mIn)



Leverage ratio³



- **Significant increase in portfolio size and NAV due to acquisitions and positive revaluation gains** (2017-18 growth due to acquisition of c.6.8k units of the former Delta Lloyd portfolio)
- **No new participation rights** were issued, redeemed or withdrawn in HY 2021
- **Lower leverage** due to lower amount of drawn debt in combination with the continued positive revaluation of Vesteda's assets

Source: Company information

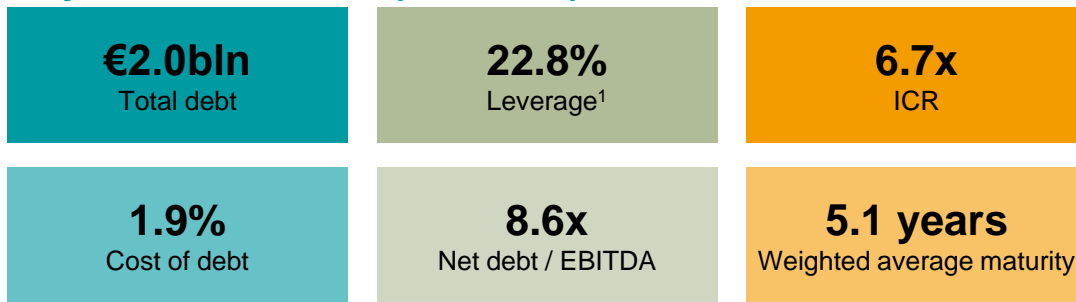
Note: GRI, EBITDA and FFO are H1 2021 annualized

¹ Excluding results on property sales; ² Calculated as EBITDA minus tax and interest expense; ³ Excluding IFRS 16; ⁴ Including unwind derivative

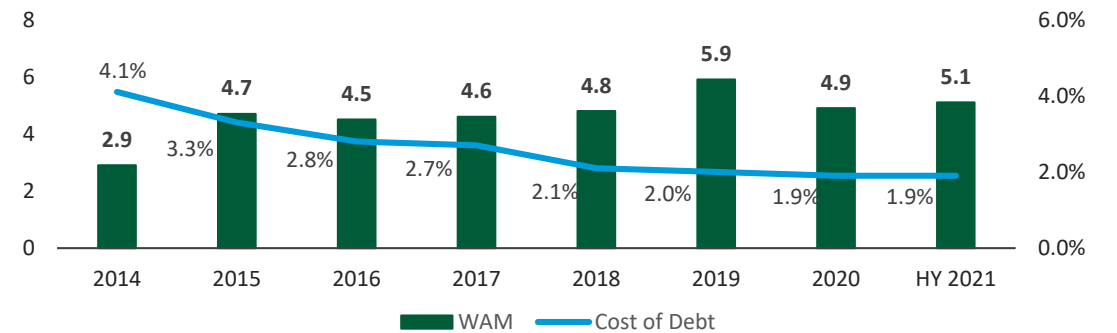
4 Solid financial position...



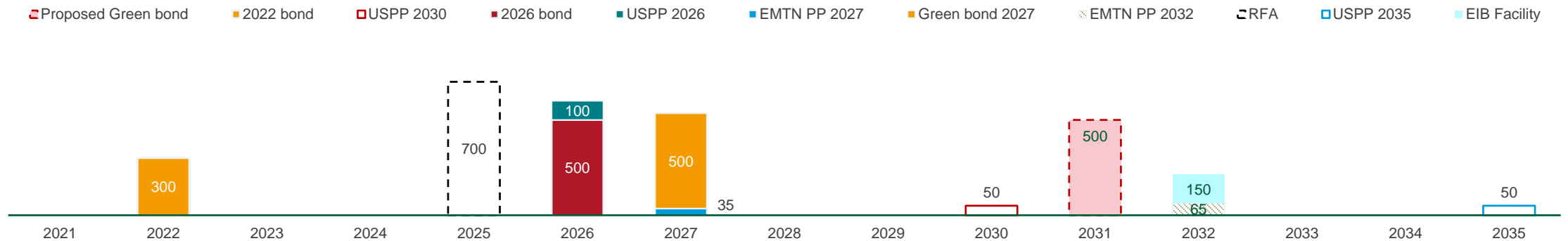
Key credit metrics (HY 2021)



Cost of debt and average maturity



Expected debt maturity schedule Q4 2021 (€mln)

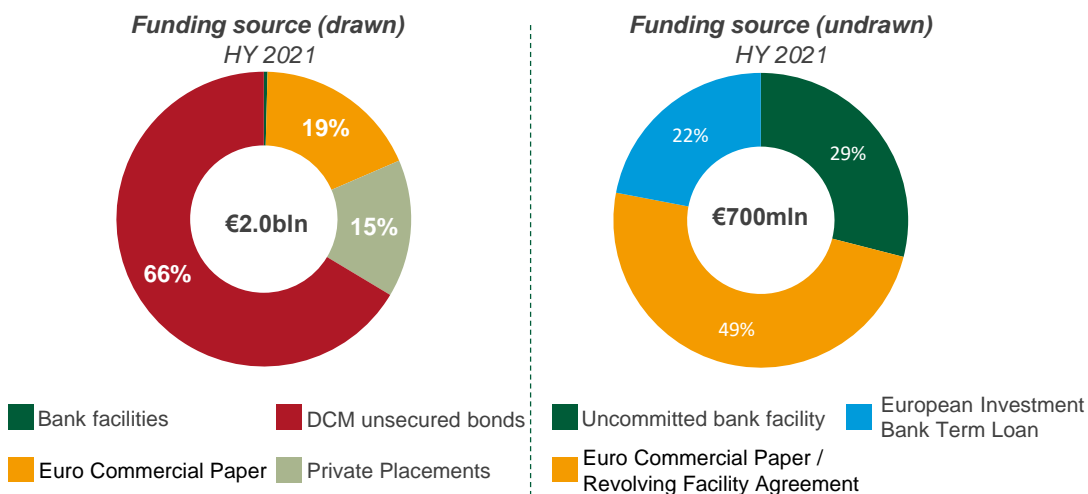


Source: Company information
¹ Excluding IFRS 16

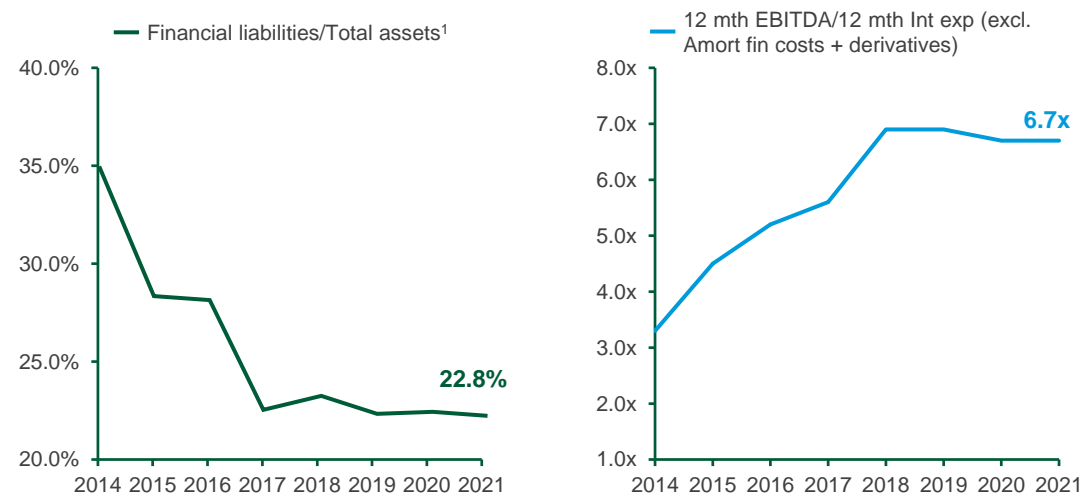
... with diversified funding sources and a low leverage profile...



A well diversified unsecured funding structure...



...catering for a low leverage and increasing ICR



EMTN Programme Covenants	2014A	2015A	2016A	2017A	2018A	2019A	2020A	HY 2021
Consolidated EBITDA to Total Interest \geq 1.8:1	3.3x	4.5x	5.2x	5.6x	6.9x	6.9x	6.7x	6.7x
Consolidated Loan to Value Ratio \leq 50% (Leverage ¹)	34.5%	28.6%	28.3%	23.2%	23.7%	22.9%	23.1%	22.8%
Encumbrance of Group Assets \leq 30%	34%	8%	4%	0%	0%	0%	0%	0%

4

... combined with clearly defined targets and a prudent financial policy in line with A- rating



	Long-term targets	HY 2021
1 Leverage	<ul style="list-style-type: none"> Prudent financial policy with leverage target of $\leq 30\%$ Growth plans within the framework of leverage targets Financial policy in line with Investment Grade rating 	<ul style="list-style-type: none"> 22.8%
2 Funding	<ul style="list-style-type: none"> Total fixed-rate and hedged floating rate exposure of $\geq 70\%$ Weighted average maturity of > 4 years Diversified funding profile, with at least three funding sources of at least 10% individually 	<ul style="list-style-type: none"> 82% 5.1 years 4 sources of funding
3 Maturity and encumbrance	<ul style="list-style-type: none"> Well-balanced maturity calendar with $< 35\%$ maturing in a single year Asset encumbrance of $< 15\%$ 	<ul style="list-style-type: none"> 31% in a single year 0%
4 Liquidity	<ul style="list-style-type: none"> Sufficient liquidity headroom to refinance short-term debt (including maturing bonds and private placements), finance committed pipeline, and to accommodate redemption requests (Redemption Available Cash of €50mln yearly) according to the terms and conditions 	<ul style="list-style-type: none"> Sufficient headroom

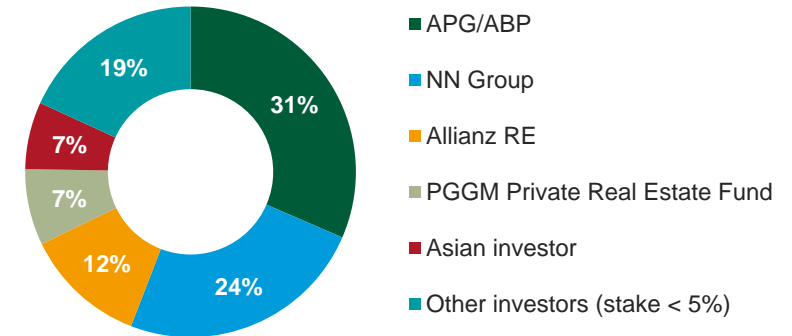
5 Strong and supportive investor base with a long-term holding strategy



Broad shareholder base

- Dutch and international investor base comprising of institutional investors participating in the fund via 19 entities
- In 2015, two new leading international investors joined Vesteda (€600mln equity raised of which €185mln committed)
- In 2017, €280mln equity raised (€185mln commitment 2015 and €95mln additional)
- In 2018, €1,080mln equity raised related to an acquisition from NN Group, for the most part a bricks for shares transaction
- Stichting Pensioenfonds ING and VCRF Holding BV entered the fund in February and March 2019 respectively
- Allianz increased it's stake via their 100% subsidiary Euler Hermes in December 2019
- Vonovia entered the fund in June 2020
- Vesteda has one single share class: participation rights

Ownership distribution (year-end 2020)



Participant satisfaction score (out of 5)



Source: Company information
 Note: Distribution policy - yearly distribution of realised return, excluding results from property sales

6 Strategic ambitions & targets



		Targets
<p>Stakeholder satisfaction</p>	<ul style="list-style-type: none"> Participant satisfaction Tenant satisfaction Employee satisfaction 	<p>≥ 4.0 (out of 5) > benchmark (Customeyes) > 8.5 HPO score</p>
<p>Financial performance</p>	<ul style="list-style-type: none"> Total return TER 	<p>> Benchmark MSCI Dutch residential 3 year average < 30 bps (35 bps is term)</p>
<p>ESG performance</p>	<ul style="list-style-type: none"> GRESB Green energy labels (ABC) UN PRI 	<p>5 stars and compete for top 3 position ≥ 99% in 2024 > benchmark</p>

➔ **To become the best landlord and residential fund in the Netherlands**



3

Sustainability strategy and Green finance framework

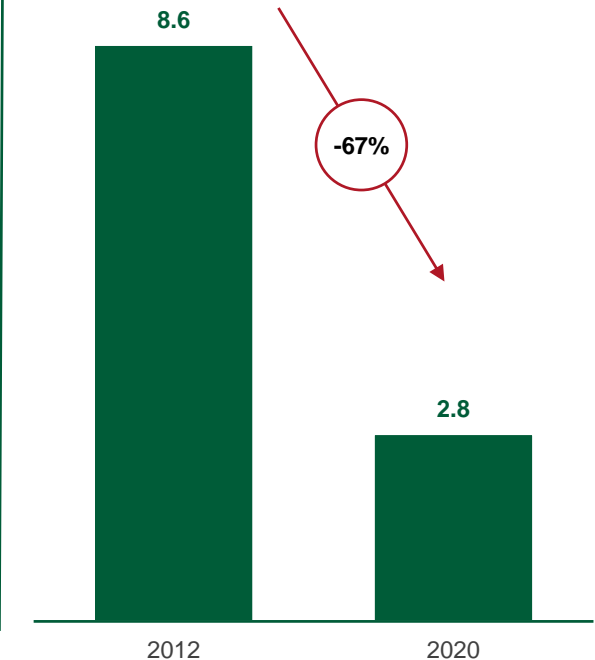
Improving ESG performance

Portfolio Sustainability Improvement

- Aim to constantly improve our performance in the field of sustainability
- Objective is to reduce our consumption of energy and water, and cut CO₂ emissions
- Also aim to use materials that have no harmful impact on the environment, and we want to work with business partners who share our own high sustainability standards
- Vesteda's current tenant satisfaction score is 7.1 at 2020 YE, which improved from 2017 (6.7) and is higher than the benchmark score (CustomEyes)



CO₂ emissions (kg) per FTE

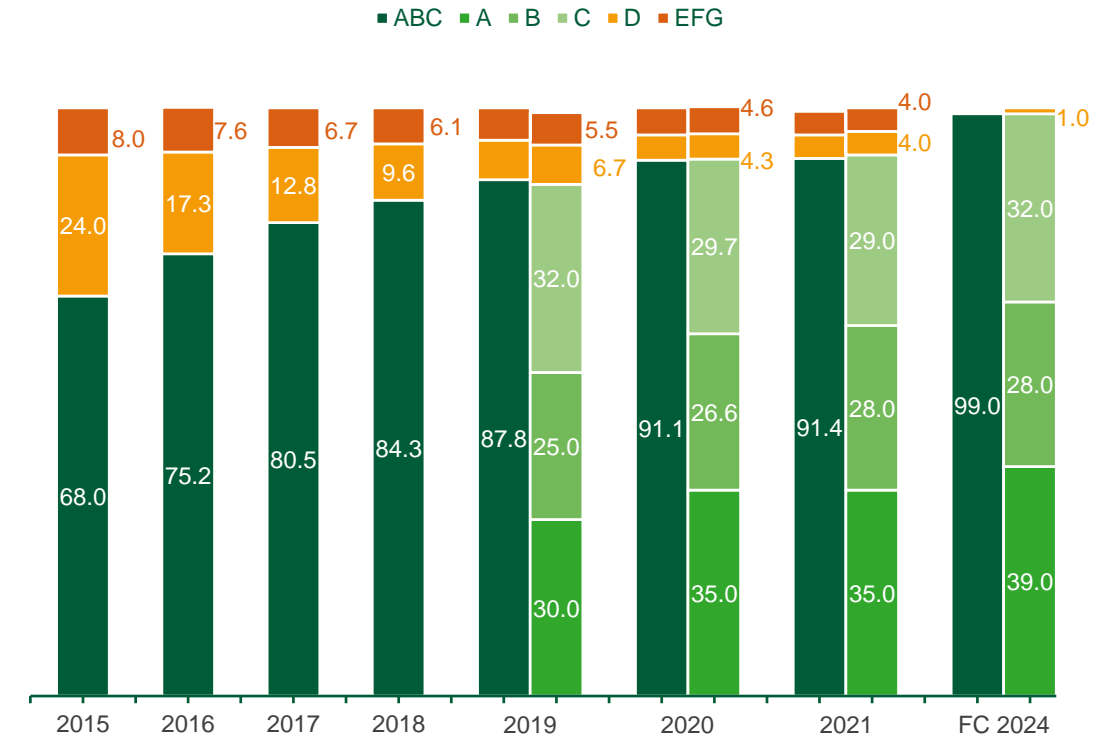


Portfolio sustainability improvement

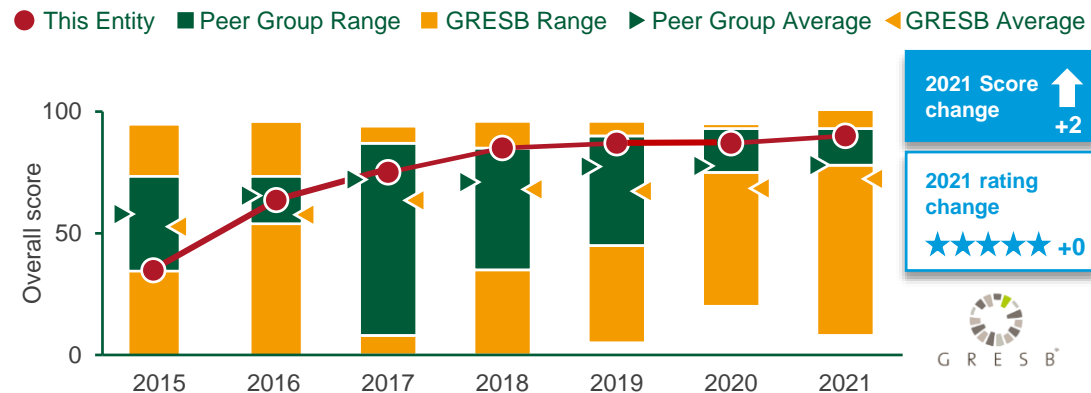


- Committed to remaining a **top player in the field of sustainability** at a national level
- In 2020, Vesteda was **awarded five out of five stars** and became part of the **global top 20% for its sustainability performance**. In 2021, Vesteda ranked 4th out of 10 in The Netherlands and 4th out of 106 in Europe
- Percentage of homes with an ABC-label increased to 91.4% in HY 2021 from 91.1% in 2020. Aim to have a **green energy label (A, B or C) for 99% of our portfolio by 2024**
- In 2020, together with our partner Climate Adaptation Services, **created insight in the physical climate risks based on environmental data**

Energy label development 2015 – 2024



Trend



Source: Company information

Vesteda Sustainability Initiatives



Vesteda & Dutch Bird Protection partnership



- Vesteda and the Dutch Society for the protection of Birds (Vogelbescherming Nederland) signed a cooperation agreement with the aim of improving the living environment for both people and birds



Vesteda aims at healthy living with WELL Building Standard

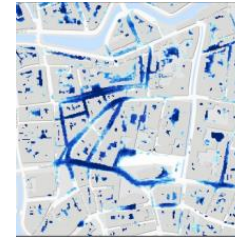
- The Well Building Standard (WELL) is the health and wellbeing standard for buildings. WELL certification is aimed at improving the impact of a building on the health, comfort and wellbeing of its users
- Vesteda certified its 'Aan de Rijn' apartment complex in Arnhem as the first WELL residential building in Europe



Identification of physical climate risks



- Vesteda developed an in-house tool, together with local experts, to get insight in the six most important physical climate risks in the Netherlands
- The tool is unique because it includes the object-specific characteristics and help us to make our real estate, both existing and new properties, climate proof



Vesteda's Investments in Solar Energy

- Vesteda has installed more than 11,000 solar panels in total that produce more than 2,700 MWH annually
- Vesteda is currently working on a pilot in which it will offer free solar panels to tenants of more than 500 homes, representing approximately 4,000 panels



Redevelopment projects

- Vesteda is transforming the Westkapellelaan in Kijkduin and Schuilenburg in Amersfoort into modern and sustainable residential building/ family homes



Green Finance Framework



1 Use of proceeds

- Proceeds will finance or refinance new and existing Eligible Assets that satisfy the Eligible Asset categories defined in the Framework. All Eligible Assets are located in the Netherlands

Eligibility Criteria		
Energy efficient residential buildings <ul style="list-style-type: none"> ✓ Existing buildings with at least an EPC¹ label ≥ “A”, or belonging to the top 15% of the Dutch residential building stock in terms of energy demand <p>€2.9bln</p>	Refurbished residential buildings <ul style="list-style-type: none"> ✓ Existing buildings which have realised a reduction in primary energy demand (PED) of ≥ 30% and achieved an EPC label of at least “C” <p>€500mln</p>	New residential buildings <ul style="list-style-type: none"> ✓ Permitted before and constructed after 1st Jan 2021: energy performance coefficient of ≥ 0.4 ✓ Permitted and constructed after 1st Jan 2021: PED is ≥ 10% below the Dutch NZEB² requirements <p>€94mln</p>



3 Management of proceeds

- Manage the net proceeds of issued green finance instruments on a portfolio basis
- GFFG will monitor on at least an annual basis the portfolio of Eligible Assets
- Vesteda aims to ensure that the total value of issued green finance instruments does not exceed the value of its portfolio of Eligible Assets
- The allocation of the net proceeds of issued green finance instruments to Eligible Assets will be reviewed and approved by Vesteda’s Risk Committee on at least an annual basis, until full allocation of the net proceeds of issued green finance instruments. Vesteda intends to fully allocate the proceeds of issued green finance instruments within a timeframe of maximum 2 years after issuance

Source: Company information

¹ Energy Performance Certificate; ² Nearly Zero-Energy Building

x (Estimated) value of the buildings

2 Process for evaluation and selection

- Vesteda’s Green Finance Framework are aligned with the business model and CSSR strategy of Vesteda
- The eligible assets will be selected by: (i) The Program Manager Sustainability, (ii) The Appraisal Manager, (iii) The Manager Financial Control and Reporting, and (iv) Treasurer
- Eligible Assets are expected to comply with environmental and social requirements, as well as Vesteda’s policies and standards to ensure compliance with the do no significant harm (DNSH) criteria of the EU Taxonomy and the related ‘Minimum (Social) Safeguards’. Hence, stringent management and mitigation of potential negative environmental and social impacts is ensured
- The Green Finance Framework Group (GFFG) will review the list of existing and potential Eligible Assets whether they meet the eligibility criteria Vesteda’s Green Finance Framework
- On a quarterly basis the Treasurer will report to Vesteda’s Risk Committee

4 Reporting

- On at least an annual basis and until full allocation, Vesteda will prepare a report to update investors on the allocation of the net proceeds of issued green finance instruments to Eligible Assets, including:
 - Allocation Reporting
 - Impact Reporting
- Vesteda intends to align its impact reporting with the ICMA Harmonized framework for Impact Reporting (June 2021)

Green Finance Framework (cont'd)

Second-Party Opinion Vesteda Green Finance Framework



Evaluation date October 1, 2021¹

Issuer Location Amsterdam, The Netherlands

Report Sections

Introduction..... 2

Sustainalytics' Opinion..... 3

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For inquiries, contact the Sustainable Finance Solutions project team:

Evan Bruner (Amsterdam)
Project Manager
evan.bruner@sustainalytics.com
(+31) 20 205 0027

Flora Mile (Amsterdam)
Project Support

Lea Muething (London)
Project Support

Enrico Tessadro (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Evaluation Summary

Sustainalytics is of the opinion that the Vesteda Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:






USE OF PROCEEDS The eligible categories for the use of proceeds – Acquisition and ownership of buildings, Renovation of existing buildings, Construction of new buildings – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category is expected to reduce the environmental footprint of the Netherlands' residential building stock and advance the UN Sustainable Development Goals, specifically SDGs 7 and 11.

PROJECT EVALUATION / SELECTION Vesteda has established a Green Finance Framework Group composed of company managers to carry out the evaluation and selection process. The group will evaluate existing and potential eligible assets annually to determine whether they meet the framework criteria. Eligible assets will be added to the portfolio and on a quarterly basis a compliance report will be developed by the Treasurer and sent to Vesteda's Risk Committee to verify compliance. Vesteda's environmental and social policies and risk assessment processes are applicable to all allocation decisions made under the Framework. Sustainalytics considers this to be adequate and to be aligned with market practice.

MANAGEMENT OF PROCEEDS Vesteda's Treasurer will manage proceeds on a portfolio basis and track allocation using Vesteda's internal tracking system. Pending full allocation of proceeds, unallocated funds will be managed according to Vesteda's treasury criteria. Vesteda intends to reach full allocation within two years of issuance. This is in line with market practice.

REPORTING Vesteda intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include breakdown of allocation to specific use of proceeds categories, the total outstanding volume of green finance instruments issued under the framework, the share of financing versus refinancing and average lockback period; and, if necessary, the total unallocated amount. In addition, Vesteda is committed to reporting on relevant impact metrics. Sustainalytics views Vesteda's allocation and impact reporting as aligned with market practice.


Alignment with the EU Taxonomy

Sustainalytics has assessed Vesteda's Green Finance Framework for alignment with the EU Taxonomy, and is of the opinion that, of the Framework's three eligibility criteria (which map to three EU activities), one *aligns*, and two *partially aligns* with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy and eight align and two partially align with the Do No Significant Harm ("DNSH") Criteria. No categories were determined to be *not aligned*. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

¹ This document is an update of a Second-Party Opinion, originally published in April 2019.



✓ Sustainalytics has issued a Second Party Opinion on Vesteda's Green Finance Framework



- 



Use of proceeds:

Met the Use of Proceeds and Eligibility Criteria outlined in the Green Finance Framework


- 



Project evaluation / selection:

In line with market practice


- 


Management of proceeds:

In line with market practice


- 

Reporting:

In line with market practice





Sustainalytics is of the opinion that the Vesteda Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018



4

Offering summary

Key terms & conditions



Issuer	Vesteda Finance B.V.
Guarantor	Custodian Vesteda Fund I B.V.
Company Profile	Dutch residential real estate investment fund
Format	RegS, Bearer, Senior, Unsecured, NGN
Issuer Rating	A- (stable) from S&P
Expected Issue Rating	A- from S&P
Size	EUR 500,000,000 WNG
Tenor	10 -years
Use of Proceeds	Finance or refinance, in whole or in part, assets which contributes to achieving Vesteda's sustainability goals, as further described in Vesteda Green Finance Framework
Applicable Call Options	Issuer Call (3m par Call), Make-Whole Redemption, Issuer Residual Call (80%)
Documentation	Vesteda Finance B.V. EMTN Programme, dated 1 October 2021
Denominations	EUR 100,000 + EUR 1,000
Covenants	<ul style="list-style-type: none">• EBITDA / Total Interest shall not be less than 1.8:1• Loan to Value Ratio ≤ 50%• Encumbrance of Vesteda Group Assets ≤ 30%
Law	Dutch law
Listing	Euronext Amsterdam N.V.
Joint Lead Managers	ABN AMRO, BNP Paribas, J.P. Morgan, Rabobank, SMBC Nikko



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Appendix

Update on COVID-19 situation in the Netherlands



Impact in the Netherlands

- The **impact of Covid-19** on the Dutch housing market has been **limited so far**. **House prices are still rising**, and the **transaction rate is still high**
- The **rental market is also still in good shape**, despite an increase in vacancy in the high-end rental segment and **supported by strong demand, limited supply** and **low interest rates** seem to be providing a strong foundation for the housing market

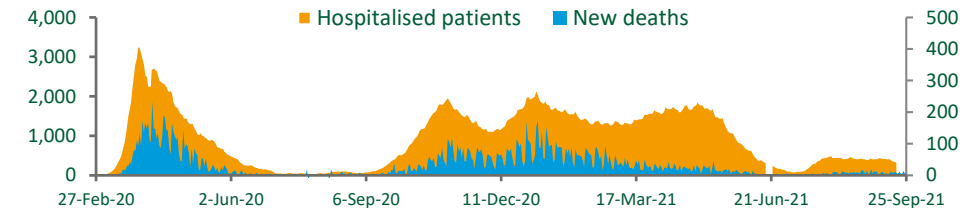
Measures taken by Vesteda

- Custom-made **solutions to all tenants in immediate financial difficulties**, providing **flexibility in terms of payment arrangements**. Post these measures, the number of payment arrangements with tenants remained stable and represented ~1% of total
- **Moderated the annual rent increase**

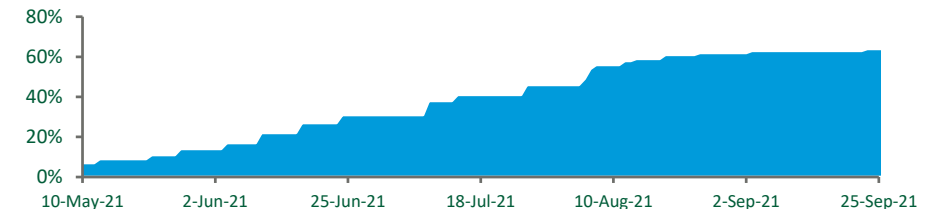
Impact on Vesteda

- **Impact on rental levels has been limited to date**, albeit experiencing higher vacancy rates in the higher rental segment (especially in Amsterdam):
 - ~1% of tenants with a payment arrangement
 - Granted remissions to tenants of commercial spaces
 - Rent arrears at comparable level

Covid-19 spread Feb'20 – Sept'21



Netherlands vaccination %



Covid resilience ranking by Bloomberg (Top 5)

Rank	Country	Bloomberg resilience score	People covered by vaccine	Lockdown severity
1	Ireland	79.4	72.5%	44
2	Spain	78.2	75.0%	42
3	Netherlands	76.4	68.0%	42
4	Finland	76.1	67.9%	37
5	Denmark	75.3	75.8%	24

Examples of acquisitions and disposals as part of Vesteda's dynamic portfolio policy



Recent acquisitions



- Frank is een Binck, The Hague
- 205 multi-family houses



- Westerwal, Groningen
- 171 multi-family houses



- The Ox, Amsterdam
- 168 multi-family houses



- Regent II, The Hague
- 98 multi-family houses

Source: Company information



- Willemsbuiten, Tilburg
- 42 single-family houses



- Punt Sniep, Diemen
- 202 multi-family houses



- Goudshof, Gouda
- 72 multi-family houses



- Tetem III, Enschede
- 110 multi-family houses

Disposals



- Urban Core (**disposal**)
- Portfolio
- 1,882 houses



- Eagle (**disposal**)
- Portfolio
- 942 houses

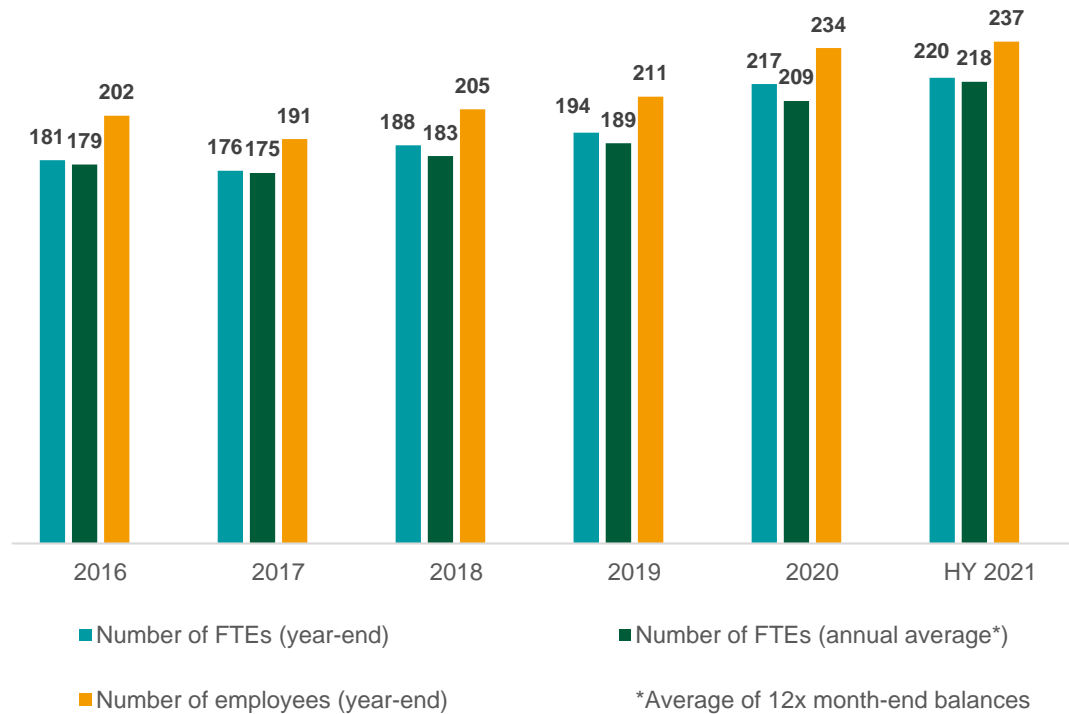


- Silvester (**disposal**)
- Portfolio
- 175 houses

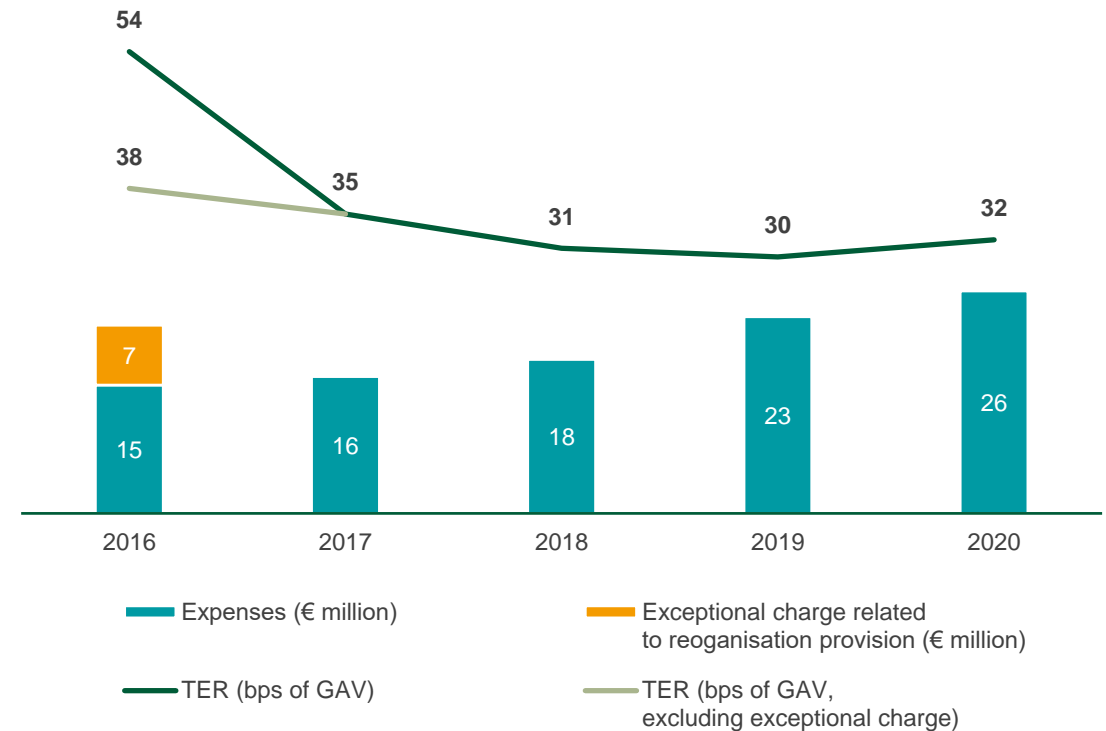
Vesteda has one of the lowest TER in the residential industry in the Netherlands



Employee base



Management expenses



Source: Company information

Note: Total Expense Ratio: Total management expenses divided by average GAV expressed in basis points

Vesteda's performance compared to the MSCI Benchmark, 2020



Performance compared to the MSCI Benchmark, 2020

- Vesteda's total return over 2020 was 6.8%, a (relative) underperformance of 145 bps compared to the benchmark (8.3%)
- While the direct return of Vesteda was 3.1%, an outperformance of 22bps, the indirect return was 3.5%, an underperformance of 167 bps
- The underperformance can be largely explained by 4 assets where significant capex is invested to improve quality, market rents and market value. This future quality is not yet reflected in the current value. In addition Vesteda recorded a lower yield compression than the benchmark, widening the yield gap with the Benchmark

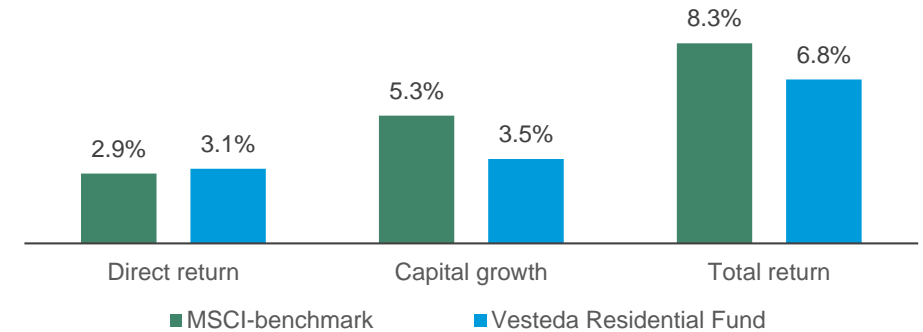
Total return, 3 year average

- Despite the strong outperformance of 92bps in 2018, the 3 year average for Vesteda is 13.0% compared to the Benchmark 13.4%, an underperformance of 42 bps. The 2020 MSCI performance also resulted in an underperformance of the MSCI 3 year average
- The direct return of 3.3%, an outperformance of 15 bps softened the 57 bps of underperformance caused by the indirect return of 9.4%

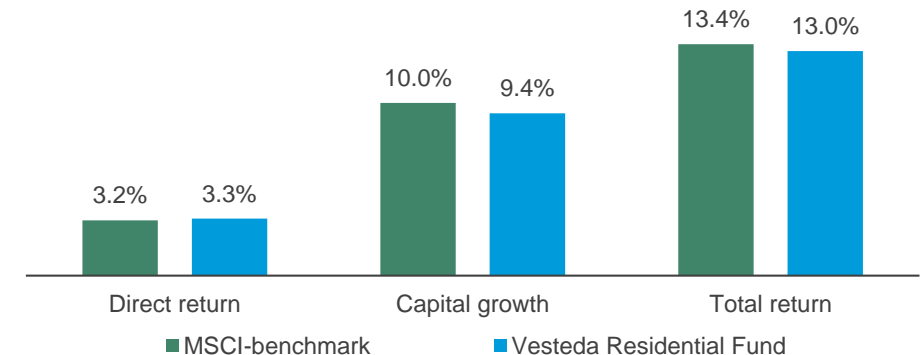
Performance H1 2021

- In the first half of 2021 Vesteda has outperformed the benchmark substantially by ~100 bps. Extra attention was given to yield compression and market evidence

2020



Total return, 3 year average



Source: Company information

Note: Outperformance is not calculated as an subtraction but relative.

Relative return = $((1 + \text{Fund TR}) / (1 + \text{Benchmark TR}) - 1) * 100$

Income statement



(€ million)	H1 2021	H1 2020	FY 2020
Theoretical rent	178	170	347
Loss of rent	(8)	(5)	(12)
Gross rental income	170	165	335
Property operating expenses	(44)	(39)	(84)
Net rental income	126	126	251
Result on property sales	4	2	7
Management expenses	(13)	(12)	(26)
Interest expenses (including amortization of financing costs)	(20)	(20)	(41)
Realised result before tax	97	96	191
Unrealised result	266	177	275
Result before tax	363	273	466
Tax	0	0	0
Result after tax	363	273	466
Revaluation of Property Plant and Equipment (PPE)	0	0	0
Settlement pre-hedge contracts	0	0	1
Total comprehensive result	363	273	467

	H1 2021	H1 2020	FY 2020
Key ratios			
Gross/net ratio	26.2%	23.7%	25.0%
Realised return	1.5%	1.6%	3.1%
Loan to Value	22.9%	22.8%	23.3%
Interest Cover Ratio	6.7x	6.8x	6.7x
Cost of Debt	1.9%	2.1%	1.9%
Net Debt/EBITDA	8.6x	7.8x	8.4x

Key operating highlights

- Theoretical rent increased due to the increase of average number of units in the portfolio and the annual rent increase
- Result on property sales: Vesteda sold a total of 90 homes from its investment portfolio. The net result on property sales amounted to €4m (HY 2020: €2m)
- The increase in management expenses is mainly due to higher personnel & organization expenses offset by lower consulting fees and higher recharged expenses
- Interest expenses were similar to HY 2020 although Vesteda's average debt position was higher. The average interest rate stood at 1.9% compared with 2.1% in HY 2020
- The revaluation result of Vesteda's portfolio amounted to €266m, driven by a solid value increase of mid-rental properties

Balance sheet



	HY 2021	HY 2020	FY 2020
Fixed assets			
Investment property	8,625	8,065	8,213
Investment property under construction	65	199	174
Other assets	51	42	51
Cash and cash equivalents	2	4	2
Total assets	8,743	8,309	8,440
Equity	6,549	6,177	6,294
Loan capital	1,951	1,870	1,909
Lease liabilities ¹	153	148	155
Other liabilities	90	113	82
Total non-current liabilities	8,743	8,309	8,440
Key figures and ratios			
Leverage (%) ²	22.8%	22.9%	23.1%
Headroom in committed facility ³	341	420	483
EBITDA/ Interest	6.7x	6.8x	6.7x

Key operating highlights

- Revaluation in HY 2021 amounted to €259mIn
- In HY 2021 no new participation rights were issued, redeemed or withdrawn
- Repayment of €100mIn private placement
- Amended the €700mIn Revolving Facility Agreement (RFA) into a Sustainability Linked RFA
- Vesteda received an upgrade in credit rating from Standard & Poor's, from BBB+ to A- with "outlook stable"
- In total €105mIn was distributed to participants in HY 2021

Source Company information

¹ Lease liabilities are created due to the implementation of IFRS 16 and relate to land leases; ² Loan capital divided by total assets (excl. IFRS 16); ³ Drawings of EUR 383mIn in uncommitted facilities need to be covered by the committed facility

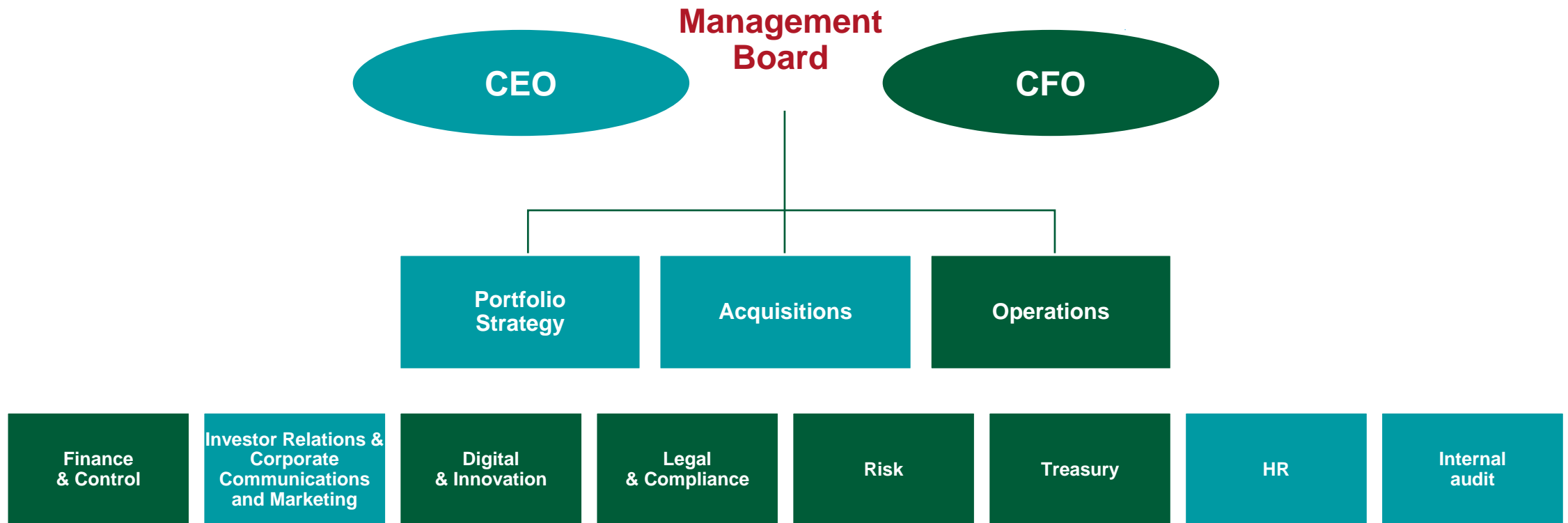
Impact on the Sustainable Development Goals

Sustainability development goals

- In 2015, the **United Nations adopted 17 Sustainable Development Goals (SDGs)**, defining global sustainable development priorities and aspirations for 2030
- **Vesteda has decided to embrace the Sustainable Development Goals.** Vesteda has conducted an analysis to determine which SDGs are most relevant for our activities
- The SDGs we consider as most important in relation to our activities are:
 - SDG 7: Affordable and clean energy
 - SDG 11: Sustainable cities
 - SDG 12: Sustainable consumption
- These SDGs are integrated in the CSR strategy and led to numerous initiatives



Organisation chart of Vesteda



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