Vesteda Finance B.V.

Annual Report 2021

Contents

Managing Board Report

General
Vesteda Finance B.V. (i.e. “VF”) was founded on 18 July 2012 and has its registered seat in Amsterdam, De Boelelaan 759. In 2021, the Managing Board consisted of G.S. van der Baan (CEO) and F. Vervoort (CFO), as statutory directors of Vesteda Investment Management B.V. (i.e.”VIM”).

VF objective is the financing of the companies affiliated with the Vesteda Residential Fund FGR (i.e. “Fund”). and the execution of financial transactions on behalf of this group.

VF is managed by VIM which is the manager of the Fund in the Netherlands.
The manager is responsible for the daily operations and the implementation of the strategy. The Fund is managed in line with the provisions laid down in the Fund’s Terms and Conditions.

VF has no legal obligation to set up a supervisory board, as it is not a two-tier company (in Dutch “structuurvennootschap”). Since VF is not a company whose shares or depositary receipts thereof are admitted to a regulated market or multilateral trading facility within the European Union, the Corporate Governance Code does not apply and VF is also not obliged to appoint a supervisory board on that basis. However, as VF is a legal entity established in the Netherlands under Dutch law whose securities are admitted to trading on a regulated market, the Decree establishing an Audit Committee (in Dutch: “Besluit instelling auditcommissie”) is applicable and VF should have an Audit Committee. VF acts as the financing vehicle of the Fund and these are the only activities that VF engages in. The Supervisory Committee, and with it the Audit Committee, set up under the Terms & Conditions of the Fund, supervises the activities within the Fund. This also includes the financing activities that VF carries out for the purpose of financing the Fund. The Fund's Audit Committee thus acts de facto as VF's Audit Committee.

Staff
In 2021, VF had no employees.

Key figures

Amounts x €1,000	**2021**	**2020**	**2019**	**2018**
Equity	3,121	2,529	1,952	1,441
Total assets	2,102,606	1,926,936	1,828,287	1,749,628
Gross margin	752	699	669	572
Result after taxes	592	577	511	453
Liquidity ratio	1.01	1.02	1.01	0.48
Solvency ratio	15%	13%	11%	8%

Financial figures
Any and all costs the company incurs in connection with its financing activities are charged on to the (legal) owner of the underlying real estate (Custodian Vesteda Fund I). The company does not generate any revenues as such. FV adds a surcharge on the amounts it lends on; this is recognised as ‘Interest income’ in the statement of income. The gross margin is €0,75 million (2020: €0,7 million) and the income is €33,9 million (2020: €34,5 million). The balance sheet represents an equity of €3,121 million (2020: €2,259 million).

Financing
VF acts as borrower and issuer of all corporate unsecured debt on behalf of the Fund. At 31 December 2021, Custodian Vesteda Fund I B.V. act as a guarantor for all obligations of the corporate unsecured debt that is borrowed or issued by VF.

VF has a well-diversified fully unsecured funding structure, consisting of a combination of bank debt, euro commercial paper (ECP), private placements, public bonds, and financing from the European Investment Bank (EIB). This unsecured debt profile enables VF to secure debt funding through various debt markets at any point in time. This is supported by a strong credit rating by Standard & Poor's (S&P), that was upgraded to A- in April 2021.

Over the past few years, VF has aligned its funding structure with its sustainable profile. In 2019, VF issued its inaugural green bond, followed by the second green bond in October 2021. In 2020, we added EIB financing for affordable housing, arranged a green private placement, and in April 2021 we changed our Revolving Facility Agreement (RFA) into a sustainability-linked RFA. These transactions underpin VF's sustainable and social profile and help to diversify VF's funding structure and to improve its cost of debt.

VF has a €150 million financing agreement in place with the EIB. The proceeds of this loan agreement will be used to fund projects in (regulated) mid-rental housing and to improve the sustainability of VF's existing portfolio, up to 50% of the total investments. This agreement has a tenor of 10 years and allows fixed rate and floating rate funding. At year-end 2021, this facility was not used. In March 2022, the drawdown period was extended from May 2022 to May 2023.

In April 2021, VF agreed with its banks to amend the €700 million RFA, to make it a sustainability linked RFA. For the purposes of this amendment, the financing embeds four KPIs that measure VF's sustainability performance. The KPIs are GRESB score, solar panel installation, percentage of green energy labels and the reduction of the emissions from our fleet of cars. These KPIs incentivise VF to improve its sustainability performance. If the majority of these KPIs are met, VF obtains a reduction in the interest margin. On the other hand, the interest margin will be increased if VF fails to meet these KPIs.

In September we welcomed JP Morgan ("JPM") as a new lender in the sustainability linked RFA. JPM replaced a lender that didn't make use of the extension options. As JPM extended its participation to 2025, we have now a sustainability linked RFA of €700 million up to 2025. At year-end 2021 the remaining legal term was 3.4 years, and the facility was undrawn.

S&P upgraded VF's credit rating to A- in April 2021. This is based on VF's strong financial discipline, with a sustained low leverage, and supported by its conservative financing policy. S&P assessed VF based on several specific ratios. VF will monitor these ratios and report on them internally each quarter.

In October 2021, VF successfully issued its second green bond. The €500 million bond has a term of 10 years and a coupon of 0.75%. The bond was four times oversubscribed. VF updated its Green Finance Framework to issue green bonds. This framework is based on the EU Taxonomy. Under this framework, VF can also issue other green debt instruments, such as loans, private placements, and Euro Commercial Paper. The proceeds of the green bond will be allocated to homes with a minimum EPC label A, homes that have seen an improvement of primary energy demand of at least 30% up to a minimum EPC label of C, and new-build homes that have an energy performance coefficient of 0.4 or better.

The fund has a relatively low risk profile given that all financing attracted is lend onwards to affiliated companies that typically invest in income producing real estate investments. A significant and stable proportion of its returns are generated through rental income. Overall VF has a relatively low risk appetite.

For information with regards to the financing risks of VF we refer to section 'Fair value of financial instruments' of the financial statements on page 22.

Governance
VF has no employees and is managed by VIM. The governance and risk management for VF has been delegated to VIM.

VIM carries out its task solely in the interests of the participants of the Fund and within the limitations as described in the Fund's Terms and Conditions as agreed upon between the participants.

The Supervisory Committee supervises the actions of the manager as well as the general course of the Fund on behalf of the participants.

The Managing Board of the manager comprises of two managing directors jointly able to represent the manager. The Managing Board is supported by its Management Team, comprising the CIO, COO and the HR Director which position is currently vacant.

The male/female ratio within the statutory board is 100/0 and the male/female ratio within the Management Team, including statutory board, is 75/25. We expect the position of HR Director to be filled by a woman, given the candidates in the process. This would bring the ratio in the Management Team back to 60/40. In 2021, Vesteda's Supervisory Committee consisted of five members: three male and two female. VF recognises the importance of an equal distribution of male and female members of its Management Board and Supervisory Committee, taking into account that the candidate's qualification and suitability for the function are always the leading principle.

VF believes it is important to engage in sustainable relationships with its tenants, participants and stakeholders. Communication of activities in the field of Corporate Sustainability and Social Responsibility (CSSR) is open and transparent and considers it part of their social responsibility to encourage and increase awareness, engagement and responsibility of both its employees and other stakeholders in the field of sustainability. For an extensive overview how the Fund has incorporated Corporate Sustainability and Social Responsibility, please refer to the website: "https://www.vesteda.com/nl/zakelijk/duurzaamheid".

Risk management
Risk management has been embedded in VIM's strategic, operational and financial reporting processes. We have defined our risk management policy and implemented a risk management framework in line with the core Fund risk profile, as defined in the Terms and Conditions of the Fund, extending to all levels of the organisation and all lines of business.

VF is exposed to market risk, interest rate risk, credit risk and liquidity risk and manages these risks as part of its treasury policy.

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices. The financial instruments held by VF that are affected by market risk are principally the derivative financial instruments used to hedge interest risk on its loan portfolio. As per end-December 2021, VF had no derivative financial instruments outstanding.

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. VF exposure to the risk of changes in market interest rates relates primarily to VF's long-term debt obligations with floating interest rates.
VF's treasury department manages credit risk from balances with banks and financial institutions. As part of its treasury policy, VF maintains a formal counterparty policy in respect of those organizations from which it may borrow or with which it may enter into other financing or investment arrangements. Investments of

surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

VF manages above mentioned risks by means of the following funding targets that are part of the treasury policy of the Fund:

1. Leverage of ≤ 30%
2. Total fixed-rate and hedged floating rate exposure of ≥ 70%
3. Weighted average maturity of > four years
4. Diversified funding profile, with at least three funding sources
5. 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) according to the terms and conditions.
6. Well-balanced maturity calendar with < 35% maturing in a single year
7. Asset encumbrance of < 15%

At year-end 2021, we met all our funding targets.

VIM has developed its internal risk management framework on the basis of the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the aim of which is to create a reasonable level of assurance on the achievement of organisational targets. VIM's internal control systems include various measures for achieving adequate segregation of duties, prompt recording of significant transactions and data security. Internal accountability and management reports, management reviews and other internal research into the design and operation of the internal controls are an integral part of the internal control systems.

The following is a list of the most significant risks VIM faces:

Strategic risk analysis
The Fund's strategic risk analysis is based on the following assessment which is executed by the Management Board and Management Team jointly:

- Identification of strategic risks, based on the strategic targets and key performance indicators within the five strategic pillars: Tenants, Participants (Equity), Portfolio, Organisation and Funding (Debt). These strategic targets and risks are based on the five-year Business Plan, subject to approval each year in December by the Fund's Participants, and actual developments.

- An assessment of the level of risk the Fund is willing to accept in achieving its strategic targets (risk aversion) to provide guidance for decisions relating to risk and return management. The outcome of this assessment also serves as a basis for the review of the effectiveness of the nature and level of internal controls for each risk. The level of risk aversion is measured based on a scale of 1 to 5: Risk averse, Limited risk, Cautious, Flexible, Open.
  In alignment with the key characteristics of the Fund as a Core INREV fund, with a conservative funding policy focusing only on residential real estate in the Netherlands, limited risks or a cautious approach is necessary for the Fund's strategic targets (risk aversion of mostly 2, partly 2-3).

Risks related to Information Technology (IT)
Operational risk management is part of the Fund's business processes and is governed by specific guidelines, policies and key controls designed to manage these operational risks, which are subject to internal reviews and external audits where appropriate.

Each year, the Fund's external auditor provides assurance with respect to the design and effective operation of controls based on the International Standards on Assurance Engagements (ISAE), Standard 3402, type II. The Fund selects the relevant controls to be audited and concluded upon in the assurance report and these relate to key controls within the most important business processes, primarily Acquisitions, Property and Portfolio Sales and Operations.

Compliance risks related to non-compliance with legislation and regulations
The Fund has a dedicated Compliance Officer who reports on a quarterly basis to the Management Board and Supervisory Committee. The scope of the work of the Compliance Officer is set out in a Compliance Charter which is approved by the Management Board in 24 May 2017. Both internal and external developments, such as trends, risk-increasing developments, incidents and new or changed laws and regulations, can lead to the (partial) revision or adjustment of an established programme. The Compliance Officer constantly monitors these developments, responds to these and discusses them (where necessary) in the quarterly consultations or on an ad-hoc basis with the Management Board and/or the Supervisory Committee or addresses these matters in the Risk Committee. If necessary, the Compliance Officer adjusts these activities (advice, monitoring) accordingly. The annual compliance programme therefore has a dynamic character. It is also possible that the results of (un)planned compliance monitoring gives cause to prioritise a topic, while this was not previously planned. The compliance charter gives substance to this dynamic of compliance activities in various areas. For more detailed information, please see the Compliance and Integrity section of the Fund report.

The Risk Committee, as described above, focuses on providing support and advice with respect to strategic risks and defining the policy framework for operational risk management. Operational risk management continues to be the responsibility of the business. The Risk Committee monitors the effectiveness of operational controls and compliance.

'In control' statement
The Management Board is responsible for implementing and maintaining adequate risk management and internal control systems and for assessing the effectiveness of these systems.

In the year under review, we evaluated and monitored our risk management and internal control systems, as further described in the above Risk management section of this report. Based on this assessment, we concluded with reasonable, but not absolute, assurance that:

- The annual report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems.
- The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies.
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.
- The annual report states those material risks and uncertainties that are relevant to the expectation of VF's continuity for the period of twelve months after the preparation of the report.

It is important to note that effective risk management, with embedded internal controls, no matter how well designed and implemented, provides the Management Board with only reasonable assurance regarding the achievement of the Fund's objectives. The achievement of objectives is affected by limitations inherent in all management processes. Therefore, in this context 'reasonable assurance' refers to the degree of certainty that would be satisfactory for a prudent manager in the management of their business and affairs in the given circumstances.

The above-mentioned risks have no direct financial impact on VF and the potential of these risks has not been quantified as such in any greater detail.
With regard to VF, the risk management focuses on the following:

Treasury

Description of the risk
The risk that VF is unable to attract the borrowed capital it needs to execute its strategy at market conditions and rates. Treasury also pertains to the risk that VF cannot meet its financial obligations and covenants.

Control measure(s)
The Fund chooses to reduce its refinancing risk by taking out loans with a spread of terms, which limits refinancing risks on the dates said loans lapse. In addition, the Fund is aiming to have its group leverage below 30% (based on figures exclusive IFRS 16 Right of use on land leases effects). The leverage of the Fund at year end 2021 is 20.5% (calculated on figures exclusive IFRS 16 Right of use on land leases effects).
The Fund has implemented control measures to ensure that it remains within the parameters of its financial covenants. Stress testing is one of the control measures. VF meets all covenants at year end 2021.

Recoverability of claims on related companies

In view of the fact that VF lends on its loans to another VF entity, VF has significant claims on a related company. The risk that these claims will be irrecoverable is considered negligible, taking into account the solid financial position of said entity in combination with the historical payment behaviour for these commitments. The related company also act as guarantor for the loans

Outlook 2022

Funding

We will continue with our strategy of diversifying our funding sources and improving our maturity profile, while maintaining a low leverage and lowering our cost of debt to make it more sustainable. To further strengthen our funding structure, we will continue to issue bonds and to explore other attractive longer-term funding opportunities.

VF has a well-diversified fully unsecured funding structure as explained in the Funding section of this report. At year-end 2021 there was ample headroom in the LTV and ICR covenants (LTV at 20.8% with a covenant of maximum 50% and an ICR of 7.0 versus a covenant minimum of 2.0). The weighted average maturity of our debt is 6.0 year with the next debt redemption scheduled in October 2022 (€300 million).
At year end 2021 our drawn debt amounted to €2.1 billion whereas our existing liquidity sources amounted more than €2.95 billion of committed facilities (bonds, private placements, Revolving Facility Agreement, and EIB facility) and €0.9 billion of uncommitted facilities this is a combination of the Euro Commercial Paper program for €700 million and the SMBC facility for €200 million. The €700 million Revolving Facility Agreement serves as back-up for the uncommitted facilities, the usage of Euro Commercial Paper can therefore not exceed the size of the Revolving Facility Agreement: €700 million. At year end there was no Euro Commercial Paper outstanding and the SMBC facility not in use. This means we have €700 million headroom available in the Revolving Facility Agreement. We expect to have sufficient liquidity sources and headroom in our financial covenants to cover our funding needs in at least the next twelve months.

Effects COVID -19

COVID-19 was an unexpected event and once again showed us that forecasting of market developments remains difficult. However, we consider two developments as very important for the coming years: affordability and climate change. The affordability of housing is under severe pressure, primarily due the housing shortage that drive up house prices and due to increased costs of living, driven by rising energy costs. We expect continued pressure from governments and municipalities to solve this problem, which is expected to lead to additional housing regulations. Furthermore, to mitigate the impact of climate change and to comply with the goal of being Paris proof in 2050, the government plans to raise national sustainability targets. While dealing with these challenges, we also see an upside. Mitigating any threats and building on opportunities will make us stronger in the long run.

Effects of the Russian invasion of Ukraine

As a result of the Russian invasion of Ukraine, impacts on the regional and global economy are still uncertain and difficult to assess in terms of duration and severity. These events and the related market uncertainty could have an adverse impact on VF, including but not limited to the fair value of its cash flow. Although the potential impact of this cannot yet be fully and reliably estimated, as of the date of the approval of these financial statements, neither the VF's financial situation nor its operations have been significantly impacted by these events. The AIFM screens the VF's existing business relationships on a regular basis, including sanction lists where required, and in respect of Russia and Belarus noted no direct breaches of any current sanction rules nor any material matters that may affect going concern of the VF. The AIFM will continue to monitor market conditions as information becomes available and evaluate the potential impact, if any, on VF its operations going forward.

Amsterdam, 22 March 2022

Managing Board: Vesteda Investment Management B.V.

G.S. van der Baan	F. Vervoort
CEO	CFO

Financial Statements

1. Balance sheet as at 31 December 2021 (after profit appropriation)

Amounts x €1,000		**31 December 2021**	**31 December 2020**
ASSETS	**Notes**		
Fixed assets			
Financial fixed assets			
Receivables from related companies	**1**	1,784,338	1,591,877
Current assets			
Receivables from related companies	**2**	318,189	334,874
Cash and cash equivalents	**3**	78	185
		318,267	335,059
		2,102,605	**1,926,936**
EQUITY AND LIABILITIES			
Equity	**4**		
Subscribed and paid-up capital		18	18
Other reserves		3,103	2,511
		3,121	2,529
Long-term debt			
Private Placements	**5**	299,170	299,174
Bonds	**5**	1,485,168	1,292,704
		1,784,338	1,591,877
Short-term debt			
Payables to associated companies	**6**	3,461	3,396
Debts to credit institutions	**7**	299,582	217,226
Private Placements	**7**	-	100,000
Taxes	**8**	127	135
Accrued liabilities	**9**	11,976	11,771
		315,146	332,528
		2,102,605	**1,926,936**

2. Statement of income for 2021

Amounts x €1,000	Notes		2021		2020
Interest income receivables from related companies	**10**		33,936		34,470
Interest expenses debts to credit institutions	**11**		(33,184)		(33,771)
Gross margin	**12**		752		699
Operating expenses and other costs	**13**		(9)		(9)
Operating result			743		690
Income unwind derivatives	**14**	870		870	
Expenses unwind derivatives	**15**	(870)		(870)	
Other financial income		13		45	
Financial result			**13**		**45**
Result before taxes			**756**		**735**
Corporate income taxes	**16**		(164)		(158)
Result after taxes			**592**		**577**

3. Cash flow statement for 2021

Cash flow statement 2021

Vesteda Finance B.V. (i.e. “VF”) forms part of a group, headed by the Fund (i.e. “Fund”) in Amsterdam. The capital of VF is for 100% contributed by Stichting Administratiekantoor Vesteda which is fully consolidated the Fund (100%).

The consolidated financial statements of the Fund are prepared including an equivalent consolidated cash flow statement. Copies are available at the website of Vesteda, www.vestedareport.com.

FV applies Dutch Accounting Standard 360.104 and excludes the cash flow statement from its financial statements.

4. Notes to the financial statements

General
VF with its registered office and its actual place of business is De Boelelaan 759 in Amsterdam and filed with the Trade Register at the Chamber of Commerce under number 55723322, is one of the consolidated entities of the Fund, a mutual fund. VF's objective is the financing of the companies affiliated with VF and the execution of financial transactions on behalf of this group. VF's other objectives include the borrowing, lending and collection of funds, such to include the issuance of bonds, and entering agreements related to same.

VF is managed by Vesteda Investment Management B.V. (i.e. "VIM").

General accounting principles for the preparation of the financial statements
The financial statements have been prepared under DUTCH GAAP in accordance with Part 9, Book 2 of the Dutch Civil Code.

Going concern
The financial statements are prepared on a going concern basis. COVID-19 is not expected to have a significant impact on VF. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance.

Valuation of assets and liabilities and determination of the result take place under the historical cost convention, unless presented otherwise. Income and expenses are accounted for on an accrual basis. Profit is only included when realised on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The preparation of the financial statements requires management to make estimates, assumptions and judgements that can affect the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent liabilities, income and expenses not included on the balance sheet at the date of the financial statements. The accounting policies that the Managing Board believes are the most significant in terms of the financial situation and operating results are discussed in the relevant explanatory notes. The same applies to the subjects that involve the Managing Board making assumptions and estimates regarding matters that are intrinsically uncertain.
The management notes that future events often deviate from predictions and that it is frequently necessary to adjust estimates.

Financial instruments
Financial instruments are primary financial instruments (such as receivables and debts).
The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the "Fair value of financial instruments".

Accounting principles for the valuation of assets and liabilities

Financial fixed assets
Upon initial recognition the receivables on and loans to related parties are valued at fair value and then valued at amortised cost, after deduction of any provisions. These provisions are determined by individual assessment of the receivables.

Receivables
Upon initial recognition the receivables on and loans to associated companies and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Cash and cash equivalents
The cash is valued at face value. If cash is not freely disposable, then this has been taken into account upon valuation.

Derivatives
Financial derivatives are recognised initially at fair value, including transaction costs in line with the external reports of the banks, and subsequently valued at their fair value on each reporting date. If hedge accounting is not used, any value movements are incorporated in the statement of income.

Long-term borrowings
Borrowings are initially recognised at the fair value of the amounts received, net of transaction costs and any premiums or discounts. Any borrowings are subsequently recognised at amortised cost price using the effective interest method. The amortised cost price is calculated taking into account any premiums or discounts. The interest expenses are accounted for in the period in which they are incurred and recognised in the statement of income.

Current liabilities
Trade payables and other current liabilities are valued at amortised cost price, which generally corresponds with face value.

Taxes
VF is liable for corporate income tax. The fiscal accounting policies do not differ substantially from the commercial accounting policies.

Accounting principles for the determination of results

General
Recognised expenses are stated at historical cost. Income is recognised as soon as it is realised, expenses as soon as they are known. Income and expenses are attributed to the period in which they are generated or incurred.

Interest income
The fees VF receives by virtue of its intercompany financing activities are recognised as interest income.

Operating expenses and other expenses
All expenses that VF incurs as a result of its day-to-day business operations are recognised as operating expenses and other expenses.

Interest expenses
Interest-related expenses are recognized in the statement of income in the period in which they are incurred.

Taxes
Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax assets (if applicable) are recognized only to the extent that realization is probable.

Notes to the balance sheet and statement of income

Receivables from related companies (1)

Amounts x €1,000

	2021	2020
As at 1 January	1,591,877	1,590,637
Loans provided	493,045	100,000
Transfer to current assets	(300,000)	(100,000)
Transaction expenses paid	(2,354)	(293)
Amortisation transaction expenses	1,770	1,533
As at 31 December	**1,784,338**	**1,591,877**

In 2021, VF made loans to its related companies. These are all external loans provided to VF and which are subsequently lend onwards to related companies. The lending towards related companies is effected at the same Terms and Conditions as agreed upon with the external credit institutions, with an administrative surcharge (0.625%) recognised as gross margin.

The risk of non-payment related to these receivables is considered very limited, taking into account the positive results of said entities in combination with the fact that said related companies have in the past always met their obligations. The related companies in question also act as guarantors for the loans.
In 2021 there have been no specific value derecognitions.

Receivables from related companies (2)

Amounts x €1,000	**31-12-2021**	**31-12-2020**
Loans receivable from related companies	304,890	322,828
Interest receivable	11,955	11,754
Other receivables	1,344	292
	318,189	**334,874**

The short-term loans receivable from related companies relate to excess liquidity provided towards Custodian Vesteda Fund I B.V. plus €300 million of external loans lend onwards and repayable within one year. The interest receivable relates to the interest on the long-term lending towards related companies.

Cash and cash equivalents (3)

Amounts x €1,000	**31-12-2021**	**31-12-2020**
Bank account balances	78	185
	78	**185**

VF has full and free disposal of its cash.

Equity (4)

The company's registered capital amounts to €90,000. This is divided into 9,000,000 ordinary shares each with a value of €0.01. The subscribed and paid-up capital amounts to €18,000.

Amounts x €1,000	Subscribed and paid-up capital	Other reserves	Total
As at 31 December 2019	**18**	**1,934**	**1,952**
Result 2020	-	577	577
As at 31 December 2020	**18**	**2,511**	**2,529**
Result 2021	-	592	592
As at 31 December 2021	**18**	**3,103**	**3,121**

Appropriation of result for the financial year 2020
The annual report 2020 was adopted in the general meeting of shareholders held on 7 April 2021. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year 2021
The board of directors proposes, that the result for the financial year 2021 amounting to €591,825 should be transferred to reserves without payment of dividend. The financial statements reflect this proposal.

Long-term debt

Debts to credit institutions (5)

Amounts x €1,000	Long term loans		
	Bonds	**Private placements**	**Total**
As at 31 December 2020	**1,292,704**	**299,173**	**1,591,877**
Proceeds from borrowings	500,000	-	500,000
Discount	(6,955)		(6,955)
Transfer from long-term debt	(300,000)	-	(300,000)
Transaction expenses paid	(2,255)	(99)	(2,354)
Depreciation transaction expenses	1,674	96	1,770
As at 31 December 2021	**1,485,168**	**299,170**	**1,784,338**

All financings of the Fund are arranged by VF with a guarantee from Custodian Vesteda Fund I B.V., no collateral is provided. The financial covenants of the financings are met at year end 2021.

Bank facilities

In April 2021 VF agreed with its banks to amend the €700 million Revolving Facility Agreement (“RFA”), to make it a sustainability-linked RFA. For the purposes of this amendment, the financing embeds four KPIs that measure VF sustainability performance. The KPI’s are GRESB score, solar panel installation, percentage of green energy labels and the reduction of the emissions from our fleet of cars. These KPI’s incentivize VF to improve its sustainability performance. The four KPIs match the sustainability goals in VF’s Business Plan 2022-2026. If the majority of these KPIs are met, VF obtains a reduction in the interest margin. On the other hand, the interest margin will be increased by the banks if VF fails to meet these KPIs.

In September we welcomed JP Morgan (“JPM”) as a new lender in the sustainability-linked RFA. JPM replaced a lender that didn’t make use of the extension options. As JPM extended its participation to 2025, we have now a sustainability-linked RFA of €700 million up to 2025. At year-end 2021 the remaining legal term was 3.4 years and the facility was undrawn.

Pricing of the revolving credit facility is subject to a margin grid, whereby a LTV below 27.5% equates to a margin of 0.50%. Utilised commitment less than 33.3% equates to an utilisation fee of 0.10% and utilised commitments exceeding 33.3% but less or equal to 66.7% equate to an utilisation fee of 0.20%. Utilised commitments exceeding 66.7% equate to an utilisation fee of 0.40%.

VF has an €150 million term loan agreement in place with the European Investment Bank (“EIB”). Drawdowns can be made up to May 2023, with a tenor of 10 years and allow fixed rate and floating rate drawdowns. This facility is fully assigned to committed projects in the affordable housing segment and is currently undrawn.

VF also has an uncommitted bank facility with bank SMBC, please see section short term bank debt for more information.

Bonds

In 2021, VF continued its borrowing of senior unsecured notes that were issued under its program for the issuance of Euro Medium Term Notes (EMTN). Standard & Poor’s rated the notes BBB at the time of issuance. The credit rating of the notes was upgraded to BBB+ in 2016 and further upgraded to A- in 2021, in line Standard & Poor’s credit rating upgrade of the Fund:

- The first tranche of €300 million senior unsecured notes with an market to market interest rate of 1.75%, issued in July 2014 and due on 22 July 2019 was repaid early, on 23 April 2019.
- A second tranche of €300 million senior unsecured notes was issued in October 2015. The notes pay an annual fixed coupon of 2.50% (marked-to-market interest rate of -0.33%) and are due on 27 October 2022. The remaining term to maturity of the notes is 0.8 years.
- A third tranche of €500 million senior unsecured notes was issued in July 2018. The notes pay an annual fixed coupon of 2.00% (marked-to-market interest rate of 0.34%) and are due on 10 July 2026. The remaining term to maturity of the notes is 4.5 years.
- In May 2019 VF issued its first Green Bond for an amount of €500 million in senior unsecured notes. The notes pay an annual fixed coupon of 1.50% and are due on 24 May 2027 (marked-to-market interest rate of 0.40%). The remaining term to maturity of the notes is 5.4 years.

- In October 2021 VF issued its second green bond for an amount of €500 million in senior unsecured notes. The transaction was more than four times oversubscribed. The notes pay an annual fixed coupon of 0.75% and are due on 18 October 2031 (marked-to-market interest rate of 0.89%). The remaining term to maturity of the notes is 9.8 years.

Custodian Vesteda Fund I B.V. provides a guarantee for the due and punctual payment of the principal and interest, for all of VF's outstanding interest paying debt. No collateral is provided.

Private placements

VF has a €100 million private placement borrowing with funds provided by PRICOA Capital Group under a note purchase agreement. The senior notes have a fixed annual coupon of 1.80% (marked-to-market interest rate of 0.41%), payable on a semi-annual basis and are due on 16 December 2026. The remaining term to maturity of the notes is 5.0 years.

The green private placement consists of two note purchase agreements. There is a 10 year tranche of €50 million with NYL at a fixed semi-annual coupon of 1.03% (marked-to-market interest rate of 0.87) and a fifteen year tranche of €50 million with AIG at a fixed semi-annual coupon of 1.38% (marked-to-market interest rate of 1.42). The remaining term to maturity of the notes are 9.0 and 14.0 years respectively.

A third tranche of 100 million private placement borrowing in senior unsecured notes under its program for the issuance of Euro Medium Term Notes (EMTN). Standard & Poor's rated notes BBB+ at the time of issuance, and in April 2021 this was upgraded to A-:

- A tranche of €35 million senior unsecured notes pay an annual fixed coupon of 1.899% (marked-to-market interest rate of 0.54%) and are due on 15 December 2027. The remaining term to maturity of the notes is 6.0 years;
- A tranche of €65 million senior unsecured notes pay an annual fixed coupon of 2.478% (marked-to-market interest rate of 1.06%) and are due on 15 December 2032. The intended remaining term to maturity of the notes is 11.0 years.

Custodian Vesteda Fund I B.V. provide a guarantee for the due and punctual payment of the principal and interest, for all of VF's outstanding interest paying debt. No collateral is provided.

Short-term debt

Payables to associated companies (6)

Payables to associated companies (6)

Amounts x €1.000	01-01-2021	Disbursements	Repayments	Interest	31-12-2021
Vesteda Development B.V.	3.396	-	-	65	3.461

VF charged 1,9% (2020: 2%) interest on the loan payable to Vesteda Development B.V. which amounts to €64,170.

Debts to credit institutions (7)

Amounts x €1,000	Short term loans				
	Bank facilities	ECP	Bonds	Private placements	Total
As at 31 December 2020	**7,293**	**209,933**	**-**	**100,000**	**317,226**
Proceeds from borrowings	425,499	1,203,401	-	-	1,628,900
Repayments	(433,400)	(1,413,500)	-	(100,000)	(1,946,900)
Transfer to short-term debt	-	-	300,000	-	300,000
Depreciation transaction expenses	335	21	-	-	356
As at 31 December 2021	**(273)**	**(145)**	**300,000**	**-**	**299,582**

VF has an uncommitted overdraft facility with bank SMBC for €200 million. Being an uncommitted facility it can be terminated at any time, with a Review Date of 31 July 2022. The facility is funded on SMBC's cost of funds plus a margin of 0.60%. The remaining legal term is 0.7 years. At year-end 2021 the facility of €200 million was undrawn.

For the short term funding need, the Fund makes use of its Euro Commercial Paper program up to Euro 1 billion. At year end, this program was not in use.

The €300 million senior unsecured notes, issued in October 2015, are due in October 2022. Therefore the amount has been reclassified under short term debt.

The IBOR reform has a negligible effect on VF debt. IBOR rates are mainly relevant for floating rate debt or floating rate debt instruments. As per year-end 2021, VF had no floating rate debt outstanding. The debt facilities provided by the EIB and SMBC allow floating rate debt. However, these floating rates are based on the base rates provided by these institutions, no IBOR-rates. The €700 million sustainability-linked revolving facility agreement, currently not in use, is based on Euribor. However, since we have arranged this facility in 2018, we have made changes to the wording of the replacement of Euribor during the three amendments that we have had since then. By doing so, we have anticipated on the replacement of Euribor by the replacement rate.
Our Euro Commercial Paper program is not Euribor-based. As we have amended the Euribor-replacement wording in our EMTN-program at the updates in the last few years, we are also fine to issue floating rate notes by means of our EMTN-program.

Taxes (8)

Amounts x €1,000	31-12-2021	31-12-2020
Corporate income tax payable	127	135
	127	**135**

Accrued liabilities (9)

Amounts x €1,000	31-12-2021	31-12-2020
Interest payable	11,955	11,754
Other	21	17
	11,976	**11,771**

Interest income receivables from related companies (10)
Interest income from loans to related companies represents the interest income on VF lending towards related companies.

Interest expenses debts to credit institutions (11)
Interest expenses on debts to credit institutions represent interest expenses related to the loans provided to VF. The interest payable relates to the debts to credit institutions.

Contingencies and commitments
Thera are no liabilities not reflected in the balance sheet.

Gross margin (12)

Amounts x €1,000	2021	2020
Income financing activities	752	669
	752	**669**

Other operating income represents the surcharge that VF charges on the onwards lending of the debts to credit institutions towards related companies for its group financing activities.

Operating expenses and other costs (13)

Amounts x €1,000	2021	2020
Other operating expenses	9	9
	9	**9**

Income unwind derivatives (14)
Income unwind derivatives represents the positive value unwinding or, in the case of negative value movements, the charging on of same to related companies.

Expenses unwind derivatives (15)
Expenses unwind derivatives represent the negative value unwinding and in the event of a positive value movement the charging on of same to related companies.

The derivative was arranged to hedge the interest risk before the issue of the Green bond in 2019. The derivative was unwound and settled at the date of the Green bond issue. The costs for the settlement of the derivative was capitalized and this is amortized on a monthly basis.
The write off period of the derivative equals the duration of the Green bond, which is 8 years (see note 5).
The initial amount of the derivative was €6,960,000 and at year-end 2021 €4,678,667, resulting in an income/expenses unwind of €870,000. The writing off the derivative started immediately after the settlement date, May 2019.

Corporate income tax (16)
Corporate income tax is calculated on the basis of the fiscal taxable amount, taking into account any tax relief items. The calculation of the effective tax rate in the P&L is based on the specific agreement with the tax authorities. The income tax expense in the P&L of €164 was based on the fiscal result of €756.

The effective tax rate is 22% (2020: 21%) and the applicable tax rate is 21.8% (based on the threshold of €245K at 15% and 25% above €245K) .

Amounts x €1,000

	%	2021	%	2020
Result before tax		**756**		**735**
Tax burden based on Dutch nominal tax rate	*	165	**	167
Non-tax deductible operating expenses	25%	2	25%	2
Exempted income, net financing result	25%	(3)	25%	(11)
	22%	164	21%	158

* The nominal tax rate for the fiscal result till €245,000 is 15% (2020: till €200,000 was 16,5%).
** The nominal tax rate for the fiscal result from €245,000 is 25% (2020: from €200,000 was 25%).

Financial instruments
The Fund's principal financial liabilities are loans and borrowings. The main purpose of the loans and borrowings is to finance the Fund's entities property portfolio. The Fund runs no risks related to the loans and derivatives it has taken out; the loans and derivatives are lent on in their entirety and on the same conditions to the entities of the fund. There is no direct impact of COVID-19 on the financial instruments.

For the notes on financial instruments reference is made to the specific item by item note.

- General
The main financial risks the Fund is exposed to are liquidity risk and credit risk. The Fund actively manages liquidity risk and credit risk as part of its treasury policy.

The Fund fully incorporates risk management in its strategic and operational processes. The risk management framework addresses all levels and lines of business in order to strengthen 'in control' performance. The Fund Managing Board assesses its proper functioning on a regular basis and continues to pursue further improvement and optimisation of the internal risk management and control procedures.

- Cashflow and liquidity risk
The risk that the Fund is unable to attract the borrowed capital it needs to execute its strategy at market conditions and rates. Treasury also pertains to the risk that the Fund cannot meet its financial obligations and covenants.

The Fund chooses to reduce its refinancing risk by taking out loans with a spread of terms, which limits refinancing risks on the dates said loans lapse. The maximum of maturities of debt in one single year is 35% of the total debt, which limits the refinancing risk. The duration of any refinancing periods is being made flexible. In addition, the Fund is aiming to have a leverage below 30%.
The Fund has implemented control measures to ensure that it remains within the parameters of its financial covenants. Stress testing is one of the control measures.

Year ended 31 December 2020 (x €mln)	On demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Interest-bearing loans and borrowings	8	210	100	300	1.300	1.918
Interest	-	-	32	99	49	180
	8	210	132	399	1.349	2.098
Year ended 31 December 2021 (x € mln)						
Interest-bearing loans and borrowings	-	-	300	-	1.800	2.100
Interest	-	-	34	106	45	185
	-	-	334	106	1.845	2.285

Fair value of financial Instruments
This section describes the comparison between the carrying amounts of VF's financial instruments and their estimated fair values.

Cash and cash equivalents are recognised at nominal value. With respect to the floating rate financial liabilities (both short term and long term), these are carrying a variable interest rate based on Euribor plus a mark-up, which also takes into account the perceived credit risk of the Fund entities. As a result, their carrying amount approximates their fair value.

The fair value measurement of senior public notes issued by VF can be qualified as Level 1 valuation. Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

The fair value measurement of the senior private notes that were placed can be qualified as Level 2 valuation, with inputs other than quoted market prices included within Level 1 that are observable for the asset or liability. In this case, interest rates and yield curves are observable at commonly quoted intervals.

The fair value measurement of the senior notes placed by FV under its EMTN programme as a private placement transaction can be qualified as Level 2 valuation, with inputs other than quoted market prices included within Level 1 that are observable for the asset or liability. In this case, interest rates and yield curves are observable at commonly quoted intervals.

The senior public notes, the senior private notes and the senior notes privately placed under the EMTN programme are all fixed rate.

Fixed rate debt is initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest method.

Type	Notional amount	Estimated fair value amount	Level valuation
Senior public notes	1.800	1.862	1
Senior private notes	300	320	2
	2.100	**2.182**	

As the interest margin is not material, the fair value of the receivables from the related companies is approximately the same as the fair value of the external loans/debts.

Market risk
Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices.

The financial instruments held by the Fund that are affected by market risk are principally the derivative financial instruments used to hedge interest risk on its loan portfolio. As per end-December 2021, the Fund had no derivative financial instruments outstanding.

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Fund's exposure to the risk of changes in market interest rates relates primarily to VF's long-term debt obligations with floating interest rates.

The Fund must at all times meet its obligations under the loans it has taken out, including the interest cover ratio with a minimum of 2.0 and loan-to-value covenant with a maximum of 50%.

According to the Fund's Terms and Conditions, VF is required to have a minimum of 70% fixed rate debt of existing interest rate exposure.

To manage its interest rate risk, the Fund can enter into interest rate swaps or fixed rate debt. With respect to the interest rate swaps, the Fund agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as hedges of underlying debt obligations. Prior to the bond issue of 2019, VF arranged two interest rate swaps that were unwound at the date of the bond issue. As per year-end 2021, the Fund has no derivative financial instruments outstanding. At 31 December 2021, 100% of the Fund's borrowings were subject to a fixed interest rate (2020: 89%).

Sensitivity analyses of market and interest rate risk
The Fund performed an interest rate risk sensitivity scenario using an immediate increase of one percentage point in the interest rate curve as at 31 December 2021. The analysis was prepared on the basis that the amount of net debt and the ratio of fixed-to-floating interest rates of the debt are constant. As the Fund had no derivative financial instruments outstanding at the reporting date, interest rate risk sensitivity has no impact on equity or the fair value of derivative financial instruments.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial liabilities held at the reporting date.

An interest rise of 1% has effect on the Fund's floating debt and fixed debt that matures in one year. Per year end 2021, the Fund has no floating debt but €300 million fixed debt that matures in one year. An interest rise of 1% would cause an increase of interest expenses of €3.0 million.

Credit risk
In view of the fact that VF lends on its loans to another entity of the Fund, VF has significant claims on a related company. The risk that these claims will be irrecoverable is considered negligible, taking into account the solid financial position of said entity in combination with the historical payment behaviour for these commitments. The related company also act as guarantor for the loans.

Liquidity risk
Liquidity risk is the risk that (1) the Fund will not be able to refinance maturing debt funding, finance committed pipeline, or is not able to finance Redemption Available Cash, or (2) if debt is refinanced, the maturity and interest rate of the financing will have a significant unplanned adverse effect
on the Fund's cash flow and liquidity position. In addition, (3) the Fund must at all times meet its obligations under the loans it has taken out including the interest cover ratio and loan-to-value covenant.

The Fund limits these risks by conservative use of loan capital, ensuring sufficient headroom under its financial covenants and fixing at least 70% of its interest rates in order to mitigate adverse effects of interest rate volatility.

The Fund's treasury department manages liquidity risk with the objective of ensuring that the Fund has sufficient funds available to meet its financial obligations. As part of its treasury policy, the Fund aims to have adequate though not excessive cash resources, borrowing arrangements and overdraft or standby facilities to enable it at all times to have the level of funds available it needs to achieve its business objectives.

The Fund's objective is to maintain a balance between continuity of funding and flexibility. The Fund uses a diverse range of financing instruments for its financing, through banks loans and capital markets. Debt maturities are chosen in line with the long-term character of the Fund's assets, taking into account a good spread in the maturity profile of its debt portfolio.

Estimated interest obligations for the bank facilities are based on the outstanding amount at year-end.

Fair value of financial Instruments
This section describes the comparison between the carrying amounts of the Fund entities financial instruments and their estimated fair values. Trade and other receivables and Trade and other payables are carried at amortized cost, but given their short duration, the fair value does not significantly deviate from the carrying amount (Level 3 valuation).

Cash and cash equivalents are recognized at nominal value. With respect to financial assets, management concluded that the carrying amount is an appropriate estimate of the fair value. With respect to the floating rate financial liabilities (both short term and long term), these are carrying a variable interest rate based on Euribor plus a mark-up, which also takes into account the perceived credit risk of the Fund entities. As a result, their carrying amount approximates their fair value.

The fair value measurement of senior public notes issued by VF can be qualified as Level 1 valuation. Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

The fair value measurement of the senior private notes that were placed by VF can be qualified as Level 2 valuation, with inputs other than quoted market prices included within Level 1 that are observable for the asset or liability. In this case, interest rates and yield curves are observable at commonly quoted intervals.
The fair value measurement of the senior notes placed by VF under its EMTN program as a private placement transaction can be qualified as Level 2 valuation, with inputs other than quoted market prices included within Level 1 that are observable for the asset or liability. In this case, interest rates and yield curves are observable at commonly quoted intervals.

The senior public notes, the senior private notes and the senior notes privately placed under the EMTN program are all fixed rate.

Fixed rate debt is initially recognized at fair value net of transaction costs and subsequently measured at amortized cost using the effective interest method.

Financial instruments
The €1,800 million in senior public notes represented an equivalent fair value estimate of €1,862 million at year-end 2021. The €200 million in senior private notes and the €100 million in senior notes privately placed under the EMTN program represented an equivalent fair value estimate of €320 million at year-end 2021. The estimated fair value amounts are exclusive accrued interest.
The fair value of the senior public notes is determined on the basis of quoted prices, while the fair value of the senior private notes and the senior notes privately placed under the EMTN program is determined based on inputs other than quoted prices.

Transactions with related companies
The Fund, Custodian Vesteda Fund I B.V., and Vesteda Project Development B.V. are related to each other in such a way that they are classified as related companies. This classification is a result of their organisational relationship, the central management and the economic unity of the parties.

In 2021, there were several transactions between above mentioned entities. These transactions related to the lending activities and related interest charged. At the end of the year under review, the balance between VF and Custodian Vesteda Fund I B.V. amounted to €2,102,526,876.

Number of employees
The company had no employees in the year under review.

Service fees paid to external auditors
VF forms part of a group, headed by the Fund in Amsterdam. The capital of VF is for 100% contributed by Stichting Administratiekantoor Vesteda which is fully consolidated into the Fund (100%).
The consolidated financial statements of the Fund are prepared including an equivalent annual report. Copies are available at the website of Vesteda, www.vestedareport.com.
VF applies article 2: 382a of the Dutch Civil Code and excludes the fees paid to the external auditors and refers to the afore mentioned consolidated financial statement of the Fund.

Other notes

Subsequent events

As a result of the Russian invasion of Ukraine, impacts on the regional and global economy are still uncertain and difficult to assess in terms of duration and severity. These events and the related market uncertainty could have an adverse impact on VF, including but not limited to the fair value of its cash flow. Although the potential impact of this cannot yet be fully and reliably estimated, as of the date of the approval of these financial statements, neither the VF's financial situation nor its operations have been significantly impacted by these events. The AIFM screens the VF's existing business relationships on a regular basis, including sanction lists where required, and in respect of Russia and Belarus noted no direct breaches of any current sanction rules nor any material matters that may affect going concern of the VF. The AIFM will continue to monitor market conditions as information becomes available and evaluate the potential impact, if any, on VF its operations going forward.

Remuneration members of the Managing Board

In 2021, the company was not charged amounts for the remuneration of members of the Managing Board. For the remuneration of the Supervisory Committee and Management Board, please see the Remuneration report or Note 28 and 29 in the section Notes to the consolidated financial statements. Copies are available at the website of Vesteda, www.vestedareport.com.
The remuneration complies with section 2:383 of the Dutch Civil Code.

Signing of the financial statements

Amsterdam, 22 March 2022

The Managing Board: Vesteda Investment Management B.V.

Signed by:	G.S. van der Baan	F. Vervoort
	CEO	CFO

Other information

1. Profit appropriation according to the articles of association

Article 17 of the Vesteda Finance B.V. articles of association reads as follows:

17.1 The general meeting is authorised to appropriate the profit determined upon the adoption of the financial statements and to determine payments, with due observance of the provisions of the law.

17.2 The authority of the general meeting to determine payments applies to both payments charged to the not yet allocated profit and to payments charged to the only reserve, and to both payments upon the occasion of the adoption of the financial statements and interim payments.

17.3 A resolution to make a payment has no consequences as long as the Managing Board has not given its approval. The Managing Board may refuse to grant said approval if it knows or should reasonably be expected to predict that following said payment the company will be unable to continue to pay its outstanding debts.

2. Independent auditor’s report

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Independent auditor's report

To the shareholder of Vesteda Finance B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2021 of Vesteda Finance B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Vesteda Finance B.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2021.
2. The profit and loss account for 2021.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Vesteda Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 21 million. The materiality is based on 1% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with Audit Committee that misstatements in excess of EUR 1,050,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Audit Committee exercises oversight, as well as the outcomes. A fraud risk assessment is a visible component of the internal control environment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct and supporting policies. This includes anti-corruption, anti-money laundering and whistleblower policy. We evaluated the design of the internal controls implemented to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risk and performed the following specific procedures:

Fraud risk	How the fraud risk was addressed in the audit
Management override of controls We presume a risk of material misstatement due to fraud related to management override of controls. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	Our audit procedures included, among others, the following: We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or noncompliance. We considered available information and made inquiries of relevant persons (including management, general counsel, internal auditor, compliance officer and the Audit Committee). We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Deloitte.

	We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting. We evaluated whether the limited judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud.

Audit approach fraud risks compliance with laws and regulations

We assessed the laws and regulations relevant to Vesteda Finance B.V. through discussion with management, general counsel, internal auditor, compliance officer and the Audit Committee, reading minutes and reports of internal audit.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation. Given the nature of Vesteda Finance B.V. and the regulated environment its operates in, there is a risk of non-compliance with regulations, including amongst others the Wet op het financieel toezicht (Wft) and the Wet ter voorkoming van witwassen en het financieren van terrorisme (Wwft). Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Vesteda Finance B.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, general counsel, internal auditor, compliance officer and the Audit Committee as to whether Vesteda Finance B.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	Summary of procedures and activities
Counterparty credit risk	
The key objective of the entity is to finance the companies affiliated with the Vesteda Group and the execution of financial transactions on behalf of the Vesteda Group. The key risk for the entity is the ability of the Vesteda Group entities to meet the loan requirements such as loan compliance and repayment schemes.	Our audit procedures included, among others, the following: We have assessed management position on the recoverability of the loans to the Vesteda Group and reviewed the financial position of the Vesteda Group to support management position. We have performed testing on the loan compliance in the current year for the loans with the Vesteda Group. Furthermore, we discussed and evaluated the impact of the COVID-19 pandemic on the financial statements of Vesteda Finance B.V. **Observation:** Based on our procedures performed the counterparty credit risk is sufficiently addressed.

REPORT ON THE OTHER INFORMATION INCLUDED IN ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, annual report contains other information that consists of:

- Managing Board report.
- Other information as required by Part 9 of Book 2 of Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Managing Board Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by Audit Committee as auditor of Vesteda Finance B.V. on 1 April 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 22 March 2022

Deloitte Accountants B.V.

Signed on the original: J. Penon