vesteda

annual report 2019

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annual report
2019

At home with Vesteda

Our mission is to make sure that all our stakeholders feel at home with us, especially our tenants, our investors in the fund and our employees.

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Foreword Management Board

Dear stakeholders,

It is our pleasure to present you with our annual report for 2019. In this report, we account for our performance in 2019, in both financial and social terms, and report on how we intend to realise our ambitions for the future. We would also like to share our vision of the Dutch housing market and the role we want to play as an active and socially-engaged residential real estate investor. Please note that most of this report was written prior to the outbreak of the coronavirus (COVID-19). Vesteda has taken measures regarding the operational activities of the company to prevent the further spread of the virus. It is clear that the impact on the Global and Dutch economy will be severe, but at this point (18 March 2020) it is too early to determine the exact impact for Vesteda.

A year of consolidation

Having achieved significant growth in our portfolio through the acquisition of the former Delta Lloyd portfolio in 2018, last year we focused primarily on improvements to our organisation, services and the quality of the portfolio. We continued to optimise our financing structure and started insourcing the Delta Lloyd portfolio. The acquisitions and disposals we made in 2019 gave additional focus to our portfolio. We value quality above volume, and the transactions we completed have clearly improved the overall quality of our portfolio. We also took advantage of the momentum in the market to sell homes that were no longer a good fit with our portfolio or for which we saw insufficient potential for the future. Finally, we worked hard on our new ERP system, which is scheduled to go live mid-2020. This will help us to manage our portfolio even more effectively and efficiently.

Pressure on housing market continues to increase

Lack of good quality supply is a cause for concern for investors and for (potential) tenants. Demand for homes remains high and house prices are rising, but new-build production is lagging demand. Rising construction costs, due in part to tightening sustainability requirements, high land prices and the nitrogen crisis are making it difficult for new-build projects to get off the ground. In addition, there is uncertainty about potential regulation in the market. All in all, it is increasingly difficult for investors to find projects that generate returns that sufficiently compensate for the risks. We believe the key solution for the housing crisis lies in increasing housing stock by building more new homes in the mid-market segment and for (local) governments to invest in public transport to improve the mobility in our country.

The call for regulation

The shortage on the Dutch housing market is currently the subject of both public and political debate. National and local authorities are looking for measures to alleviate the shortage and they are exploring various initiatives at both a national and a local level. Together with many of our competitors and the IVBN (Association of Institutional Property Investors in the Netherlands), we are actively participating in discussions with stakeholders, to communicate our view of which regulations could be effective and which rules will be counterproductive. After all, regulation should not result in further stagnation of the housing supply and it has to remain profitable for investors to invest in the residential market. Meanwhile, consensus seems to be emerging towards regulation of the lower end of the mid-market segment by capping initial rents and indexation of rents for a certain period of time. A good example is the recently signed declaration of intent between the IVBN and the municipality of Amsterdam to build 10,000 rental homes for middle incomes. Vesteda anticipates this development with an appropriate strategy and has conditionally adopted regulated mid-market segment as a new investment category.

Attention to affordability in our portfolio

The limited availability of affordable housing in combination with rent increases far higher than inflation, is a problem for our target group, middle-income households. Supply is limited and this scarcity has driven up market rents in recent years. For pensioners in particular, affordability is a growing problem. In many cases, their retirement income has barely risen for several years, while rents and other costs of living have been rising steadily. We see it as our social responsibility to continue to provide high-quality and affordable housing. This is why Vesteda has voluntarily capped its rent increases for its free market rental contracts for the past two years.

A target group that has our specific attention are so-called key workers. Key workers are professionals who are essential for properly functioning cities, such as teachers, police officers and healthcare workers. These people often find it difficult to find affordable housing in and around the cities where they work, which may prompt them to relocate and work elsewhere. Vesteda wants to help key workers to find homes by allocating part of our available housing to this target group. On top of this, we want to allocate part of our future acquisitions to this target group.

A leader in sustainable housing

Vesteda wants to play a leading role in sustainable housing and in 2019 we made solid progress on our ESG targets and we once again achieved a GRESB 5-star rating. We invested in several projects that improve our ESG performance, and we are particularly proud of receiving the WELL Building Standard certificate for our 'Aan de Rijn' apartment complex in Arnhem. WELL is a certification system aimed at improving the impact of a building on the health, comfort and well-being of its users. Our 'Aan de Rijn' project was the first existing residential complex in the world to receive a WELL certificate.

Our sustainability strategy is also aimed at encouraging our tenants to behave as sustainably as possible. In 2019, we launched a campaign that gave tenants a chance to pick up six LED lamps from IKEA at Vesteda's expense. Vesteda also offers an app that gives tenants insight into their energy consumption. Our goal is to reduce our tenants' energy consumption and to raise awareness of energy use.

We are on track with our sustainability programme and have raised our ambitions for the future. For example, we now aim to have a green energy label (A, B or C) for 99% of our portfolio by 2024. And we are drawing a CO_2 roadmap to align our climate goals with the Dutch government's climate agreement and the Paris Agreement.

Successful green bond issue

In May, Vesteda was the first residential investor to issue a green Eurobond. This green bond underscores our sustainability profile and will help us attract a broader group of investors. In addition, it lowered our average interest rate and extended the average maturity of our debt. We have used the €500 million proceeds of the bond to refinance sustainable homes, as well as to finance sustainable projects in the acquisition pipeline.

On the way to being the best residential landlord in the Netherlands

Looking back on 2019, we are proud of what we have achieved. We will continue our strategy, with the ultimate goal of becoming the best residential landlord in the Netherlands, and outperform on tenant satisfaction, sustainability and financial performance. We aim to achieve this by continuously making improvements to our organisation, services and the quality of our portfolio.

Finally, we would like to express our gratitude to all our employees for their dedication and hard work, and to our participants for their continued support and commitment.

Vesteda Management Board

Gertjan van der Baan (CEO) and Frits Vervoort (CFO)

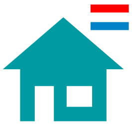
Vesteda at a glance

About Vesteda

Leading institutional residential investor

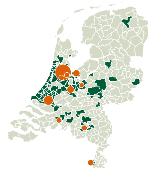
Vesteda is a service-oriented institutional residential investor with a large and varied portfolio of homes in attractive neighbourhoods in the Netherlands. With a portfolio of 27,290 residential units, we are the largest Dutch independent institutional residential investor. Vesteda is internally managed, is cost-efficient and has in-house property management.

Key characteristics



Dutch residential rental market

Mid-rental sector



Primary regions

Fund

- Established in 1998 as Vesteda Woningen (Vesteda Residential Fund) as a spin-off of the residential portfolio of Dutch pension fund ABP
- Single fund manager
- Internally managed: no management fee structures and carried interest arrangements
- Open-ended core residential real estate fund
- Broad institutional investor base with a long-term horizon
- Attractive risk profile
- Limited use of leverage (target <30%); S&P credit rating BBB+
- Active investor relations policy
- In-house property management since 2003
- Governance in accordance with best practice guidelines, including INREV, with the emphasis on transparency and alignment of interests
- AIFMD (Alternative Investment Fund Managers Directive) licence obtained in 2014
- Transparent for tax purposes (fund for the joint account of participants; Dutch FGR fund structure)
- GRESB five-star rating (the highest) and ranking of third in a peer group of 16

Assets

- Vesteda offers sustainable housing and operates in a socially responsible manner
- All in the Netherlands, all in residential and related properties
- Well-diversified portfolio consisting of nearly 500 residential complexes in economically strong regions
- Focus on the mid-rental segment with monthly rents between €737 and approximately €1,200

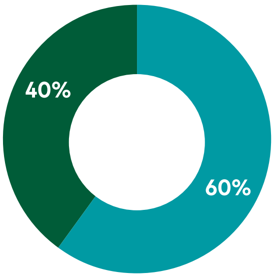
Targets

- Outperform the Customeyes benchmark and work towards our long-term goal of having a tenant satisfaction score of at least 7
- Ensure that 99% of our portfolio has green energy labels (A, B or C) by 2024
- Outperformance of the three-year MSCI IPD Netherlands Residential Benchmark

Portfolio overview

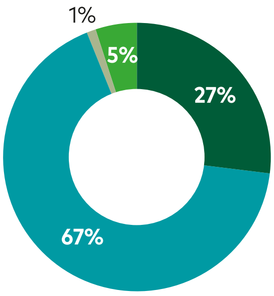
Number of residential units	Investment portfolio value (incl. IFRS 16)	Occupancy rate	Gross rental income
27,290	€7.8 bln	98.4%	€329 mln

Portfolio by type of residential unit (weight in value)



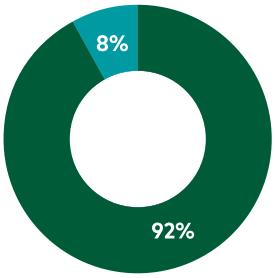
- Apartment
- Family house

Portfolio by rental segment (weight in value)



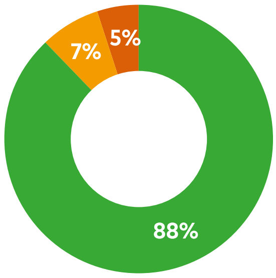
- High
- Mid
- Regulated mid
- Regulated

Portfolio by region (weight in value)



- Primary
- Secondary

Portfolio by energy label (weight in units)



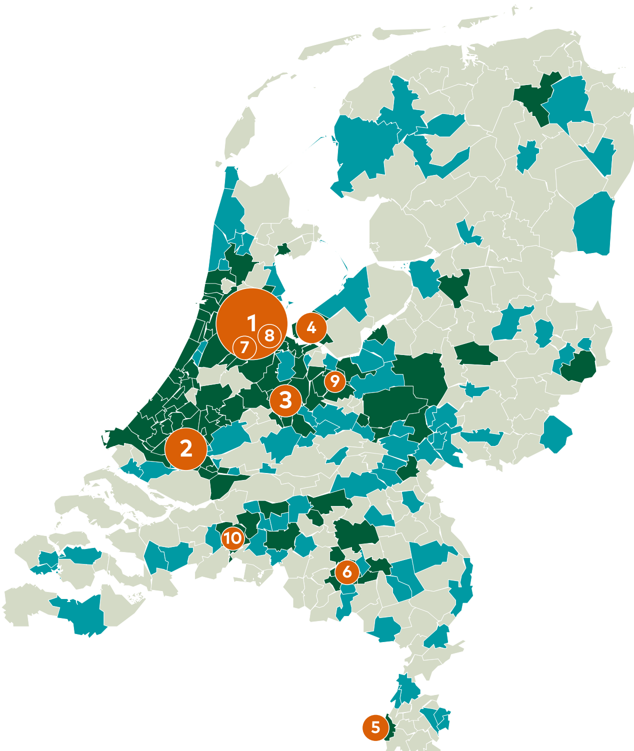
- ABC
- D
- EFG

Portfolio distribution (value at year-end 2019)

	€ million	% of total portfolio
1 Amsterdam	1,790	23%
2 Rotterdam	628	8%
3 Utrecht	361	5%
4 Almere	338	4%
5 Maastricht	251	3%
6 Eindhoven	210	3%
7 Amstelveen	194	3%
8 Diemen	190	2%
9 Amersfoort	189	2%
10 Breda	160	2%

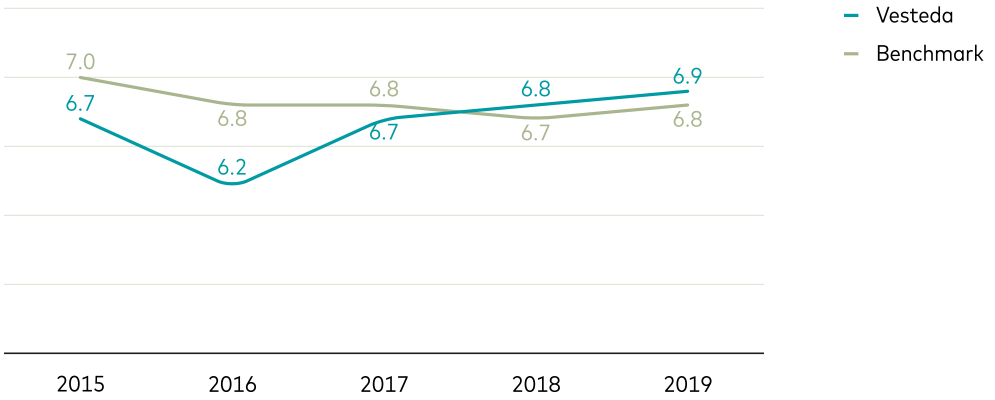
- Primary regions
- Secondary regions
- Other

€1,200 mln €600 mln €120 mln

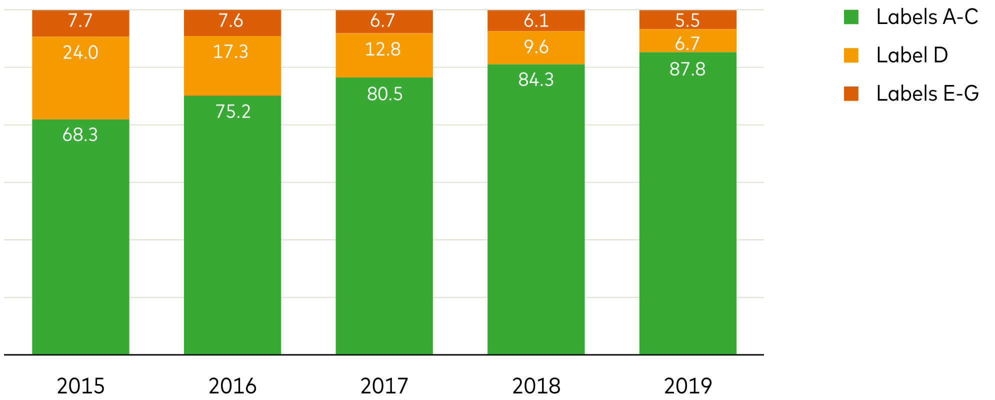


Key figures

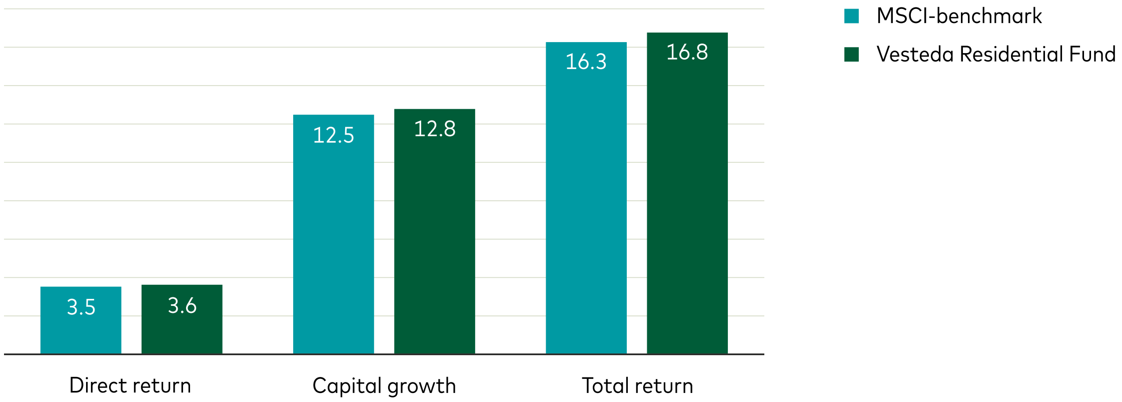
Tenant satisfaction (score out of 10)



Energy labels (%)

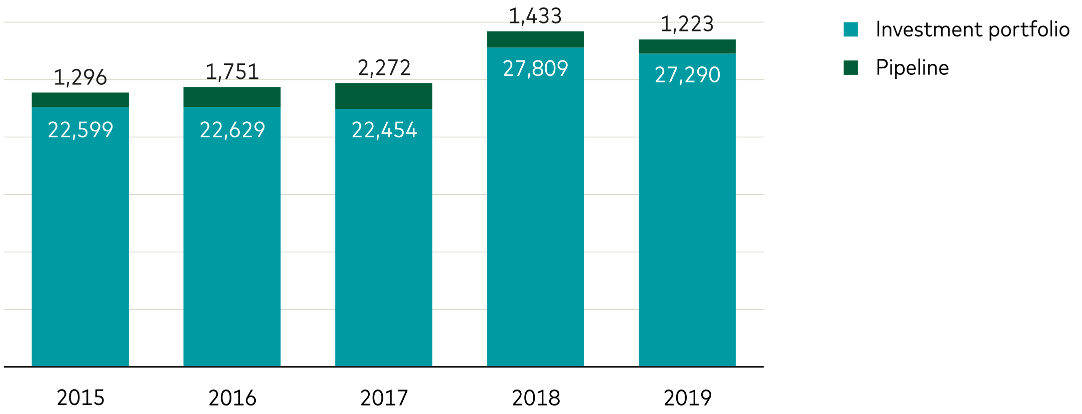


Performance Vesteda Residential Fund versus MSCI residential benchmark (%, 3 year average)

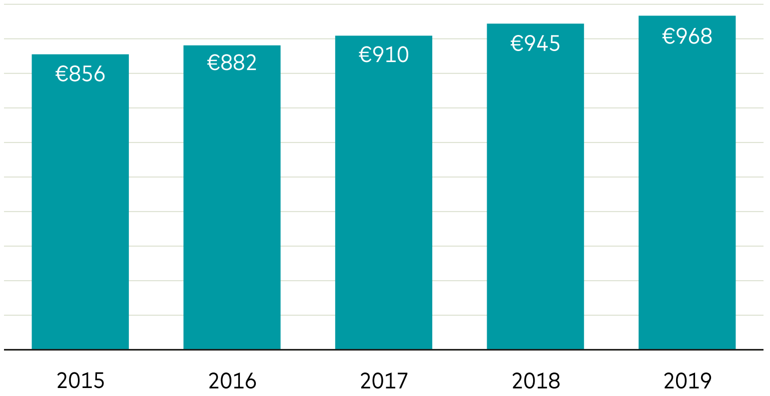


Note: Direct return and indirect return might not add up to total return as a result of time weighted averages on a monthly basis.

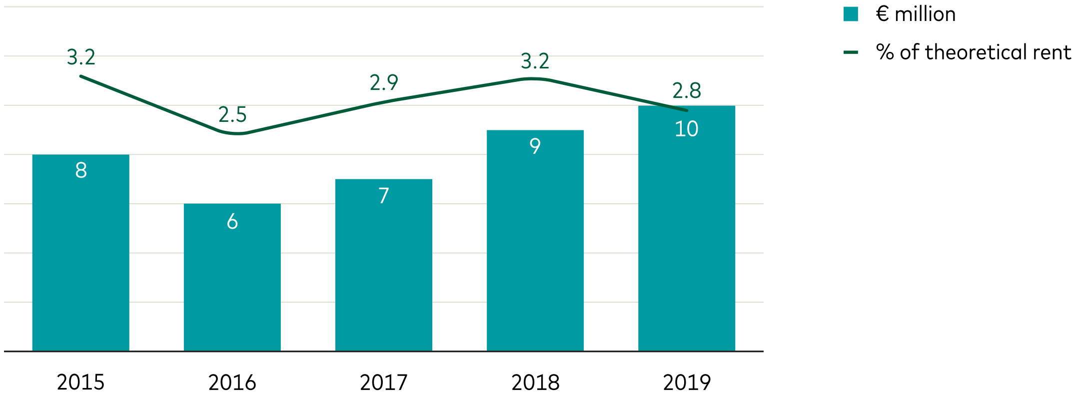
Investment portfolio and pipeline (number of units, at year-end)



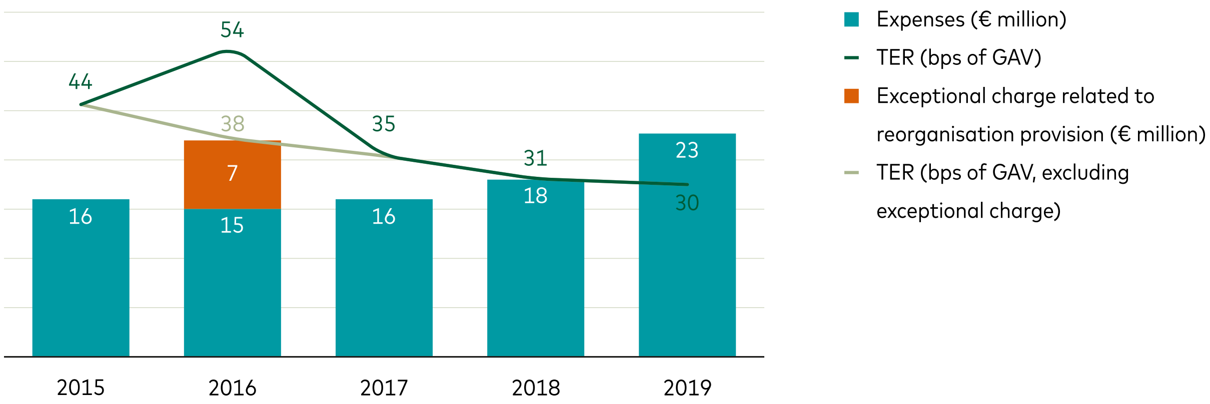
Average monthly rent (€ per residential unit, at year-end)



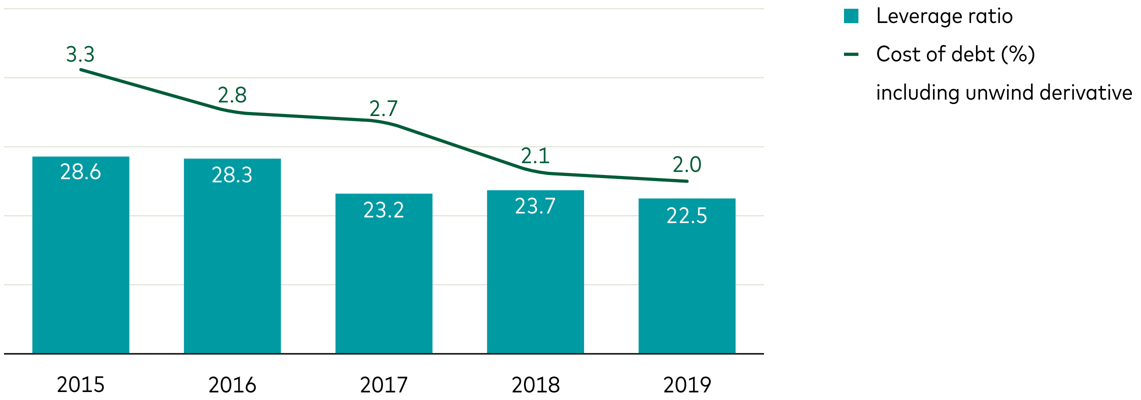
Loss of rent



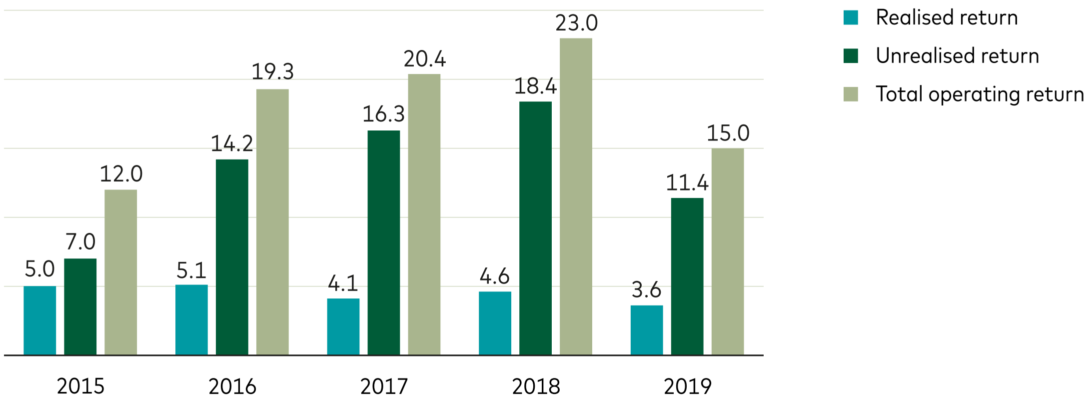
Management expenses



Leverage and cost of debt



Total operating return (% of time weighted average equity)



Management Report

Strategy and long-term objectives

Vesteda has defined a clear vision framework, consisting of a purpose, mission, vision and core values.

Our purpose

Vesteda invests the pension savings and insurance premiums entrusted to it by institutional investors, such as pension funds and insurance companies, in sustainable Dutch residential real estate for middle-income tenants. As such, we contribute to future income security for retirees, affordable living for Dutch middle-income households and to the continued improvement of the quality of urban communities.

Our mission

At home with Vesteda. This applies to our tenants, the investors who invest in our fund and the employees who work at our company. Our mission is to make sure our key stakeholders feel at home with Vesteda. And we want to be the best landlord in the Netherlands by outperforming on tenant satisfactions, sustainability and financial performance.

Our vision

Vesteda is the expert in residential living. We have direct contact with our tenants. This is why we know their current and future living requirements better than anyone. We use our knowledge to constantly improve our services and our existing residential portfolio. We also add residential complexes that are tailored to the living requirements of our tenants now and in the future and we do so in a sustainable and innovative manner. Together with our tenants, we create an environment in which they feel at home.

Our core values

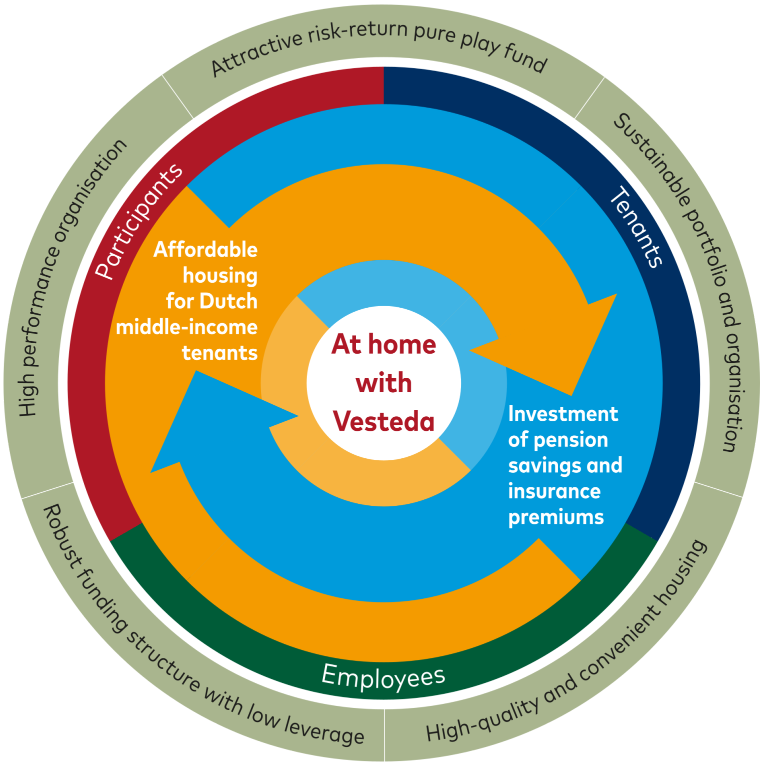
Service-oriented	Ambitious	Entrepreneurial	Trusting	Cooperative

At Vesteda, our tenants, investors and employees are our highest priority. This requires service-oriented and entrepreneurial employees. We listen and learn and look for the best solutions. We see and seize opportunities and accept our responsibility. Vesteda is ambitious. We make the most of everything. And do better every time and with total conviction. We trust our people and give them a great deal of freedom and responsibility. We cooperate with each other across various disciplines and come from a wide variety of backgrounds.

Our strategic ambitions

Vesteda has translated its mission and vision into strategic and portfolio objectives.

Vesteda vision framework



Based on our vision framework and developments in society and the housing market, we have formulated our strategic ambitions for the coming years. Our strategic ambitions include:

Tenants: "Provide high-quality and convenient housing to mid-rental segment tenants in urbanised areas at affordable prices"

Our tenants' satisfaction is a valuable indicator of how well we serve them. Our tenant satisfaction score is improving steadily. The improvement in this score in recent years underlines the importance of in-house property management as part of our business model. We will continue to focus on improving tenant satisfaction.

Our service level is a crucial element in our competitive advantage. This is why we have made clear and consistent communication an important priority. The current speed of communication and increased transparency through the use of social media gives us an opportunity to improve communications with our (future) tenants and to get instant feedback.

We also see added value in a community-based approach. The steady increase in the number of elderly people and smaller households, in combination with a lower level of social cohesiveness, is increasing the need for a sense of community in our rental properties. At Vesteda, we invest in the creation of communities in our complexes, for instance via pilots with dedicated community apps.

Corporate Sustainability and Social Responsibility (CSSR) is an essential part of our mission: we can only serve our communities if we ensure our continuity. Vesteda's CSSR performance is an integral part of our business plan and are therefore firmly embedded in the business operations. We believe that our efforts in the field of CSSR improve and strengthen Vesteda, both directly and indirectly, that they result in future-proof returns on our investments, and that they help us to create value for all our stakeholders.

Portfolio: "Improve the quality and sustainability of our portfolio to ensure the stable growth of rental income and MSCI outperformance"

Our continuous focus on the quality and structure of Vesteda's portfolio is the basis for outperformance and stable rental income growth. Our goal is a mid-market portfolio located in Vesteda's chosen primary regions that consists of sustainable and future-proof properties; attractive and affordable, well-designed homes, tailored to specific target groups but flexible in terms of future use. Vesteda continuously monitors the performance of its assets and portfolio to ensure compliance with its desired risk/return profile. We constantly look for and identify opportunities to optimise or add value to standing assets. We invest in the quality of our standing assets and improve the sustainability of our standing portfolio in line with our long-term targets.

This focus on the quality of Vesteda's portfolio is the best protection for potential economic downturns. New acquisitions have to meet Vesteda's high quality standards and should have clear value growth potential. We prefer quality above volume and remain selective in general.

Our portfolio provides us with a strong presence in our primary regions, including major Dutch cities. We expect the urbanisation trend to continue and large cities in the Netherlands to grow into 'urban regions'. These are the areas that will offer opportunities within this urbanisation trend and this is where we plan to dedicate our attention.

PropTech and big data are developing quickly, offering opportunities for the residential real estate sector to gain a better understanding of the market and tenants. They will improve the selection and definition of the products we invest in and to improve cost efficiency, the rental process and service levels to our tenants.

Participants: "Provide long-term investors with an attractive risk-return profile in a pure play Dutch core residential property fund"

Vesteda strives to provide its participants with good returns, transparency and the best possible service. We seek to continuously improve the dialogue with all our participants, and invest in establishing relationships with potential new participants. Vesteda values its strong and supportive investor base.

Vesteda wants to play a leading role in sustainable housing. We have set clear and ambitious CSSR targets, including a target for the GRESB benchmark score: a GRESB five-star rating and a ranking in the top three in the Netherlands. In 2019, we were once again awarded a five-star rating, improved our score and ranked third. However, it is unlikely that we will achieve first place. We believe the currently available certificates in the market for residential real estate are not of sufficient quality and will not help us to improve our sustainability in the future. Instead, we are investigating the merits of alternative certifications. We are participating in pilots and are actively contributing to initiatives to develop a certificate that will enable us to actually improve the sustainability of a building.

Organisation & staff: "Being a service-oriented organisation, supported by smart technology. Operated at attractive cost levels and regarded as an employer of choice"

Vesteda's goal is to become a high-performance organisation. We aim to do so by offering an inspiring and pleasant environment to work in. The ERP system that is due to be implemented in mid-2020, is an important milestone on the road to becoming a high-performance organisation, as more integrated processes will help us to improve our efficiency and the collaboration across the company. It will also serve as the basis for further improvements and innovations, such as data science and artificial intelligence.

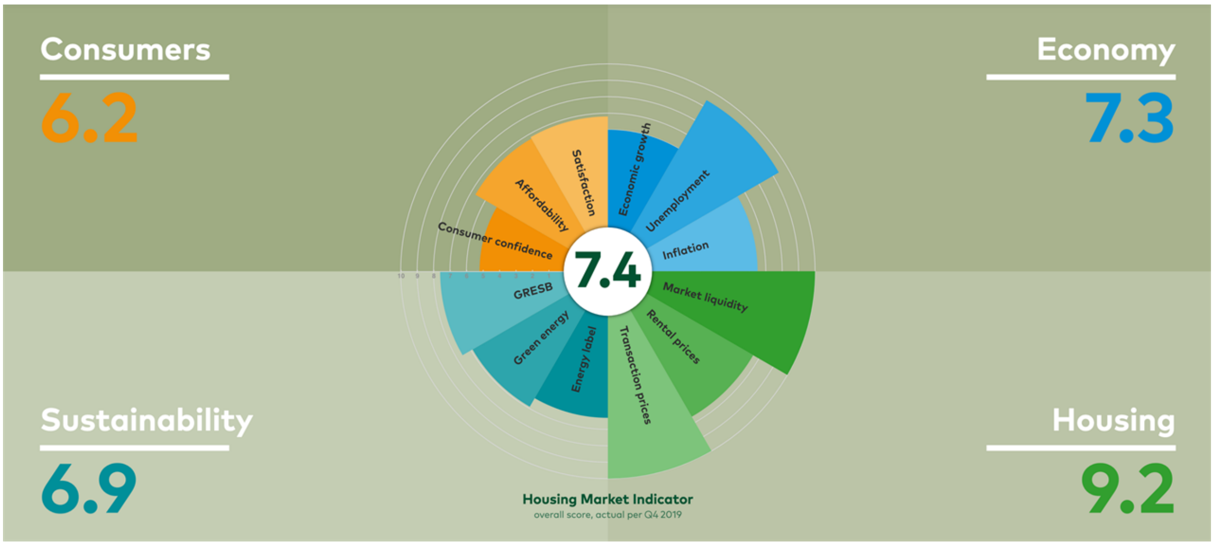
Our culture is built on collaboration and accountability. We have started a management development programme that will help us to further integrate and embed such a corporate culture.

In 2019, we introduced Vesteda Vitaal as a benefit to encourage our employees to live a more healthy and balanced lifestyle. Vesteda Vitaal offers our employees insight into their personal lifestyle, health risks and provides personalised advice how to improve that lifestyle.

Funding: "Provide a robust and well-diversified, flexible, and green funding structure with low leverage and low cost of largely fixed-rate debt."
Over the last five years, Vesteda has significantly transformed its funding profile from primarily CMBS notes and bank facility-based funding to a well-diversified fully unsecured funding structure, consisting of a combination of bank debt, euro commercial paper (ECP), private placements and public bonds. We aim to further improve our funding profile by attracting new diversified funding at attractive interest rates. To ensure the successful execution of our funding strategy, we will invest more in our debt investor relations.

Market developments

Vesteda Housing Market Indicator, actual per Q4 2019

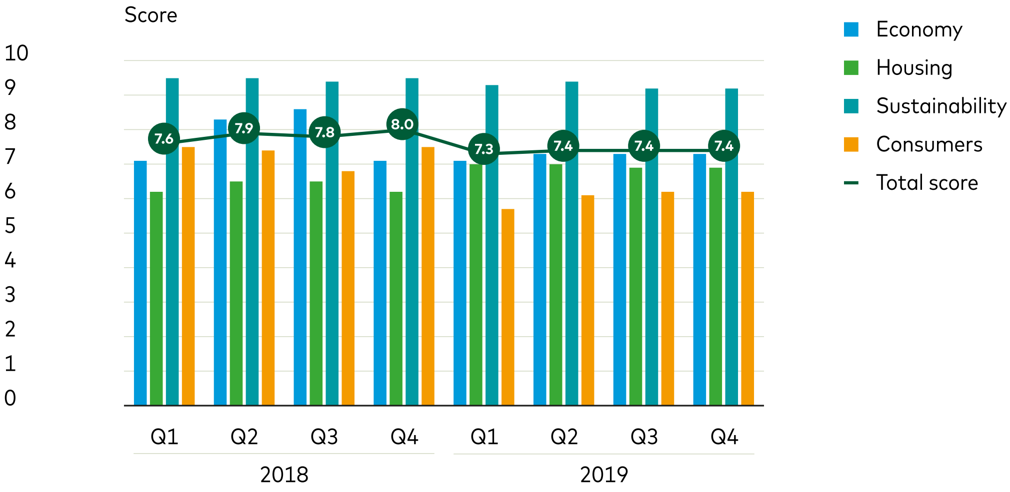


Source: Vesteda

The Dutch housing market appears to be finding a new balance
The housing market indicator was relatively stable in 2019. However, the Dutch housing market can still be characterised as a seller's market. Housing prices are flattening out in some regions but prices in general are still rising faster than the long-term average inflation rate. This situation is influenced by high demand and low supply due to historically low mortgage rates, low construction numbers, a favourable economic situation, etc. The so-called nitrogen crisis, which is due to the failure to meet European regulatory requirements on nitrogen emissions, is putting even more pressure on supply.

On the other hand, there are some signs that the housing market is shifting into a lower gear. Homes are sitting on the market for longer periods and economic growth is slowing. In addition, despite the fact that consumer confidence has barely changed, we did see a slight deterioration in the overall opinion of Dutch consumers on the economic climate and their willingness to buy. It is not yet certain how these developments will evolve, but domestic economic risks have become more top of mind.

Vesteda Housing Market Indicator, Q1 2018 - Q4 2019



Source: Vesteda

Economy

Dutch economic growth is slowing in line with the average decline across Europe, but continues to outperform the European average. Macro-economic uncertainties such as US trade policy, Brexit and the state of the Chinese economy all had a negative impact on economic growth in 2019. Economic growth, measured in GDP, declined to 1.7% in 2019 from 2.0% in 2018.

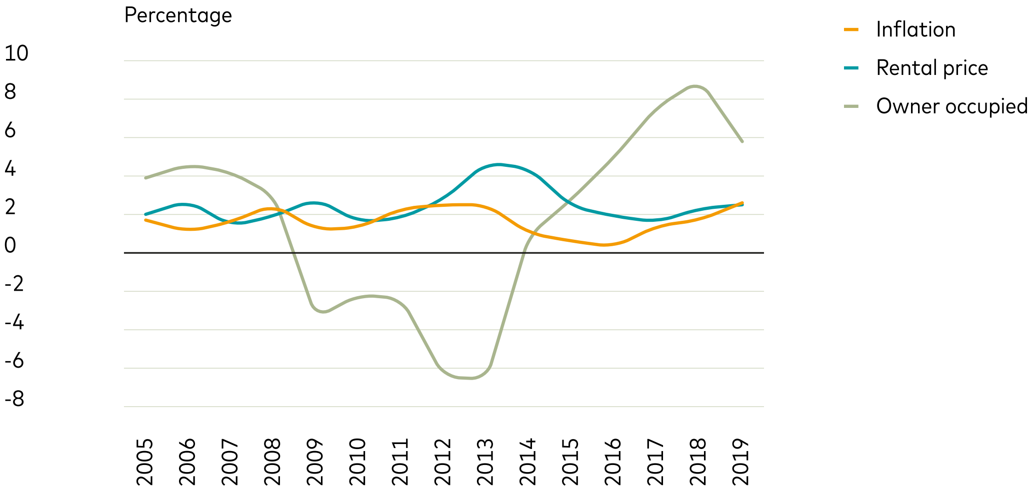
Unemployment has now fallen to below the level before the economic crisis. However, consumer confidence remained in negative territory for most of 2019, driven by overall economic expectations and the financial situation over the past year. On top of this, inflation climbed to 2.6% in 2019, mainly due to the increase in the VAT rate and the additional increase in energy taxes at the start of 2019.

The outbreak of the coronavirus (COVID-19), starting late 2019 in China and today still spreading around the world, is expected to have a severe impact on the Global and Dutch economy. At this point (18 March 2020), it is too early to determine the exact impact. The aforementioned growth rates were published well before the corona crisis.

Housing

Dutch house prices are still rising, albeit at a slower pace, mainly driven by record low interest rates and fact that supply is lagging ever-rising demand. House price rises are levelling off in some regions, but prices in general are still on the rise. While the prices of owner-occupied homes have been rising well above inflation for years, and at the same time are subject to more fluctuations, we have seen a stable increase of 1% to 3% above inflation in the rental market.

Inflation vs. house prices (rental and owner occupied)



Source: Statistics Netherlands

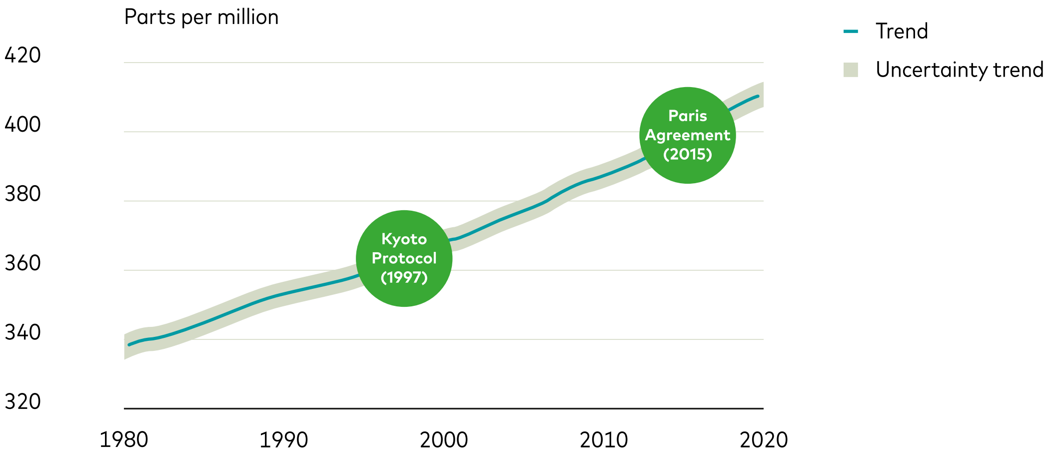
The tightness of the housing market in terms of market liquidity is at an all-time high. The growing demand for affordable housing, the scarcity of new locations, long lead times for developments, limited capacity and rising production costs are also affecting the housing market.

Although the Dutch housing market has become more volatile than we have seen in recent years, the fundamentals for both domestic and international investors remain strong. Investment volumes in the residential real estate investment market hit a new record of €9.3 billion in 2019 (Source: Capital Value). International investors accounted for close to half (46%) of total investment volume last year. The scarcity of supply and heavy demand for residential real estate have resulted in significant compression in gross initial yields over the past year.

Sustainability

The effects of climate change became even more visible in 2019. It will be a major challenge to keep the increase in average global temperatures to below 2 °C, and even more so to the preferred increase of 1.5 °C. The Dutch government has set a target to reduce annual CO_2 emissions by at least 49% by 2030 compared with 1990, and to reduce emissions even further by 95% in 2050. Despite the efforts made under the auspices of global climate treaties, from the Kyoto protocol to the Paris agreement, CO_2 concentrations in the atmosphere have continued to increase.

Increase in CO_2 emissions



Source: NOAA, Earth System Research Laboratory, edited by Vesteda

The built environment has a major impact on greenhouse gas emissions and the changing climate. We saw this effect in 2019 come to a head in the so-called nitrogen crisis, which was due to the Netherlands' failure to meet European regulatory requirements on nitrogen emissions. To reduce nitrogen pollution, the government introduced a project plan which involves additional requirements for building permits, including no nitrogen emission during the development of the project. As a consequence, building projects were delayed or even put on hold completely due to restrictions on nitrogen risks.

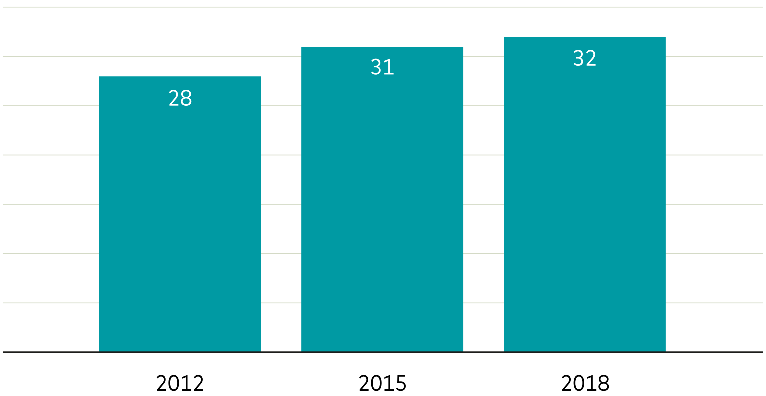
At the same time, institutional investors are devoting considerable attention to sustainability issues, something that is clearly reflected in overall GRESB scores. Dutch non-listed residential real estate investors scored an average of 76 points in 2019.

Consumers

In 2019, the population of the Netherlands grew by an estimated 132,000 people to a total of over 17.4 million. This growth was at a faster pace than over the previous three years, mainly driven by people from abroad settling in the Netherlands.

Due to the population growth and the persistent lag in housing supply, prices have increased sharply in recent years, especially in the owner-occupied segment and also in the rental segment. This has made it difficult for lower and middle-income earners to find suitable and affordable homes in some cities. These people tend to earn too much to qualify for government-regulated social segment homes and owner-occupied homes have become too expensive. As a result, the housing expense ratio of free market rental homes has increased. We are seeing more signals that middle-income home seekers have limited options in the larger cities and pensioners are increasingly facing affordability issues due to limited or even no indexation of pensions.

Net rental expenses (% net disposable household income)



Source: Statistics Netherlands. 2019 figure is not available yet.

On top of this quantitative pressure, the qualitative mismatch on the Dutch housing market is becoming a more prominent attention point. This is mainly due to a demographic shift. The number of people aged 75 and above is set to grow sharply in the period to 2030, which will also result in a substantial increase in the number of single households.

Tenants

Introduction
The demand for rental homes remained high in 2019. Due to the successful (re)letting of our standing portfolio and newly-acquired properties, we were able to achieve an occupancy rate of 98.4% in 2019, compared with 97.5% in 2018. The like-for-like rental growth was 3.6%, which represents the solid growth of our portfolio.

In 2019, the former Delta Lloyd portfolio was managed by external real estate managers under the supervision of a Vesteda area manager. Vesteda will gradually phase in the external operational management in the first half year of 2020. This will allow Vesteda to have direct contact with these tenants and to improve the tenant satisfaction of this portfolio.

Affordable housing in the mid-rental segment remains an important topic in the public and political debate. We consider it our duty to take our responsibility in this respect, among other things by stimulating sufficient supply of high-quality mid-rental segment housing. Good examples of our contribution are the Amsteltower and Schinkelhof complexes in Amsterdam, where we offer affordable homes in a primary location. In addition to this, we once again voluntarily capped our annual average rent increase for the free rental segment to CPI plus 1.5%, just as we did in 2018 (CPI + 2%).

The annual benchmark survey and our weekly in-house research provide us with ample feedback and suggestions from our tenants to continue to optimise our services and processes.

Focus on tenant satisfaction
Investing in sustainable relationships with our tenants
At home with Vesteda: that is our mission. We constantly ask ourselves if we are doing the right things and we listen to the feedback from our tenants. Clear and transparent communications contribute to this effort, whether this is digital or a face-to-face interview.

Complaints management and a service-oriented organisation
Prevention is always better than a cure. In addition to our constant improvement of the complaint handling process itself, we see opportunities to improve tenant satisfaction by preventing complaints through optimised maintenance plans and by solving maintenance issues faster. The quality of the services we provide is our highest priority, and one of the ways we improve our services is through the creation of a completely service-oriented culture within Vesteda. Our team consists of people with service orientation in their DNA, people who provide our tenants with a completely seamless client journey. And if something still goes wrong, we solve the problem as quickly as possible to the complete satisfaction of our tenants. On top of this, not only do we collect input from our tenants; we also collect input from our own employees. To do this we conducted an employee survey, which raised a number of clear needs and suggestions for improvements, including the intensification of the collaboration between various departments. All aimed at raising our tenant services to an even higher level.

Affordability and keyworkers
Key workers are a group for whom affordability is under particular pressure. Key workers, such as teachers, police officers and healthcare workers, are essential for healthy functioning cities. A lack of affordable housing in and around cities can force these professionals to go elsewhere. Vesteda's portfolio offers these key workers suitable homes in urban areas in the Netherlands.

Also, we have initiated the so-called 'friends concept' of homes. This form of living allows two independent people to share a home without having a relationship. We intend to increase the supply of this type of home in the vicinity of healthcare institutions and schools and universities and other key worker employers. We plan to allocate a part of our future acquisitions in the regulated mid-rental segment, which specifically caters to lower middle-income groups, to this form of co-tenancy.

Rental anniversaries
We are proud of our loyal tenants. On average, our tenants lease our homes for approximately eight years. However, we also have a large group of tenants with a lease period of 25 years or more. In 2019, in total 789 tenants celebrated their 10, 20, 30, 40 or even 50 years rental anniversary at Vesteda. In cooperation with the Dutch Society for the Protection of Birds (Vogelbescherming Nederland) they received a gift voucher for their online shop.

Annual tenant review
Good communications with tenants is essential. In early 2019, we sent our tenants the 'Annual Review 2018 for tenants'. We use this annual review to show our tenants what we have achieved in terms of the topics that matter to them, such as sustainability, innovation and tenant satisfaction. We plan to add a click function to the 2019 annual review for tenants, giving tenants the chance to get more information on each subject and a look ahead at what they can expect in 2020.

Tenant panel
To make sure our services are aligned with tenants' wishes and to let our tenants know we really do want to engage with them, we launched a Tenant Panel. We see this panel as an important tool to gather feedback and insights through a short online questionnaire regarding a specific project or topic. We implement any required changes directly, making our efforts to improve tenant satisfaction an iterative learning process. The panel is also helping us to create and improve a relationship of trust between us and our tenants, as 200 tenants have already signed up for this panel.

Sustainability – a key theme in driving tenant satisfaction
From our first survey among the members of our tenant panel, a clear outcome was that our tenants want to live more sustainably. Therefore, in October and November 2019, we organised a promotion for our tenants to pick up six free LED lights from IKEA. In total just over 1,200 tenants made use of this promotion. We also offset the CO_2 that our tenants emitted in the drive to their closest store, and we did this according to the strictest standard (the World Wildlife Fund's Gold Standard), via a sustainability project in Uganda.

Customer contact centre: a digital and personal touch
We have made our telephone menu more accessible, plus it is now also available in English. Optimising the customer contact centre reporting tool gives us much greater insight into how well our customer contact system is working. To enhance and optimise customer experience, last year we started taping our telephone conversations. By recording conversations and listening to them with colleagues we can learn from each other and improve our service levels. We use these recordings to train our employees, helping them to get even better at having empathetic conversations with our tenants. We find this human touch one of the most important aspects in our drive to be the best landlord in the Netherlands. We are also investigating the implementation of new technological innovations, such as a chatbot and real-time customer service monitoring, to improve our service levels and provide easy access for our tenants.

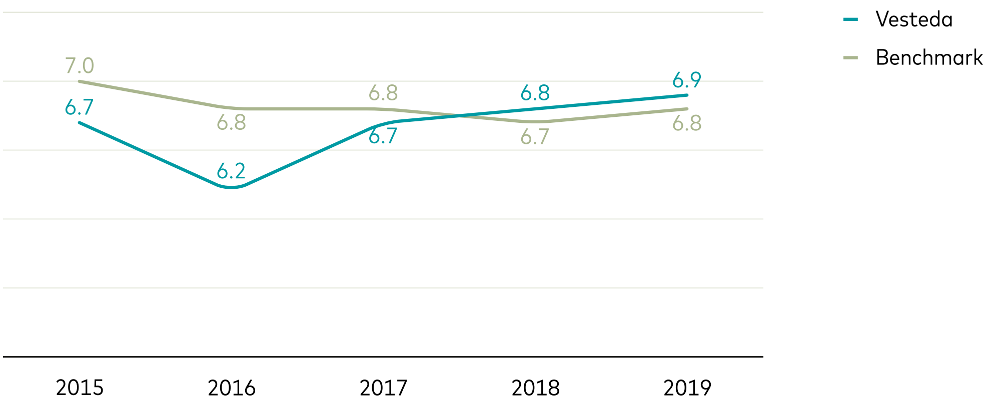
Tenant satisfaction surveys
Together with our tenants, we want to create an environment in which they feel at home. The satisfaction of our tenants is a valuable indicator of how well we serve them and we use the outcome of the tenant satisfaction surveys to improve our services and homes. We conduct two types of surveys to monitor our performance. Once a year, we measure our tenant satisfaction through a benchmark survey conducted by Customeyes. We participate in this survey with other large institutional investors in the Netherlands. The Customeyes data consists of a representative sample drawn from all Vesteda's tenants. We share the results of this survey with our tenants and the Vesteda Management Board evaluates the results to identify any potential improvements.

In addition to this survey, we measure tenants' satisfaction with our various contact moments on a continuous basis. We have engaged an external party to run our Client Contact Monitor. This survey measures direct feedback from our tenants after each contact with our client services department. We use the results of this survey to monitor and improve the services we provide.

We are currently insourcing the property management of the former Delta Lloyd portfolio. The satisfaction scores of these tenants will be included in next year's outcome.

Benchmark tenant satisfaction
The score for overall tenant satisfaction is comparable to the Net Promoter Score. The Net Promoter Score is a method used to measure client loyalty. The image below shows Vesteda's score on overall satisfaction together with the benchmark over the past five years.

Benchmark tenant satisfaction (score out of 10)



Source: Customeyes/Vesteda

Our current tenant satisfaction score was 6.9 in 2019, which was a slight improvement on the 2018 score (6.8) and was higher than the Customeyes benchmark score. The tenant satisfaction score has improved in recent years. In 2019, we continued to optimise our contact centre by making the call centre even more accessible and increasing the tenant focus of our services. The Customeyes benchmark survey also showed an improvement in our score for complaint handling in line with our increased focus on prioritising tenants' needs.

We will continue to focus on improving tenant satisfaction. Our goal is to outperform the benchmark each year. By improving our service levels, we aim to become a preferred landlord in the residential market. At this moment we are working on the continued digitalisation and optimisation of our customer journey, which will also be implemented in our new website that will be launched mid-2020. In 2020, we will also insource the property management of the former Delta Lloyd portfolio.

Monitoring of services

In addition to our annual benchmark survey, we monitor our daily services and the contacts with our tenants. Our Operations department is in daily contact with our tenants, dealing with the intake of new tenants, requests for repair and maintenance, and handling complaints. We use the findings of these surveys for a process of continuous improvement in our service levels. Immediately after the completion of a repair request, a complaint procedure or an intake process (new tenants), our external provider sends a questionnaire to tenants, so they can evaluate our services. These are the three most important and frequent contact moments in the services we provide. We have incorporated the targets specified in the table below in our performance cycle as KPIs and they have an impact on employee evaluations. These KPIs are linked to the variable remuneration of the commercial teams. The dashboard we use makes it possible to see results in real time, which means we can adjust our acting quickly if necessary.

The table below shows the results for 2019. Last year, we asked a total of 18,352 tenants to evaluate our services. A total of 7,167 tenants actually filled out the questionnaires, which translates into a response rate of 39%.

Scores vs. targets (out of 10)

	Target 2019	Score 2019	Score 2018
Repair requests	7.6	7.7	7.6
Complaint handling	5.2	5.3	5.8
Intake new tenants	8.0	8.1	8.0

Repair requests

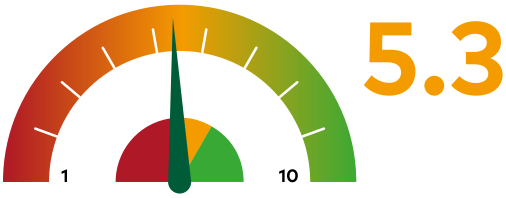
On the repair request front, tenants were satisfied with the execution of the repairs. Vesteda scored a 7.7. Tenants were also satisfied with the friendliness of the telephonist who took their call and gave this aspect a score of 7.9. The score for our reachability improved by 0.8% to 7.5.

Score repair requests

Complaint handling

Tenants gave Vesteda a score of 5.3 for our handling of complaints. It is worth noting that telephone contacts score higher (an average of 6.0) than written communications (an average of 5.0). The questioning of this survey has changed and therefore the outcome is difficult to compare with last year's result.

Score complaint handling



Intake new tenants

New tenants gave the overall intake process a score of 8.1. They noted that we could be clearer in the information we provide on the availability of the home and the registration procedure. The telephone contact to make an appointment for the viewing was given the highest score.

Score intake new tenants

Conclusion

We want our tenants to feel at home with Vesteda. The improvement of our services for tenants remains important. We believe that satisfied tenants are less likely to move and that they contribute to the well-being of other tenants, which in turn enhances social cohesion and the performance of our assets. From the tenant satisfaction surveys, we have learned what areas of the services we provide require extra attention. We would like to thank all the respondents from last year for sharing their thoughts and insights with us.

Our goal for 2020 is to further improve our tenant satisfaction and to make sure that the tenants of the former Delta Lloyd portfolio are also happy with our services.

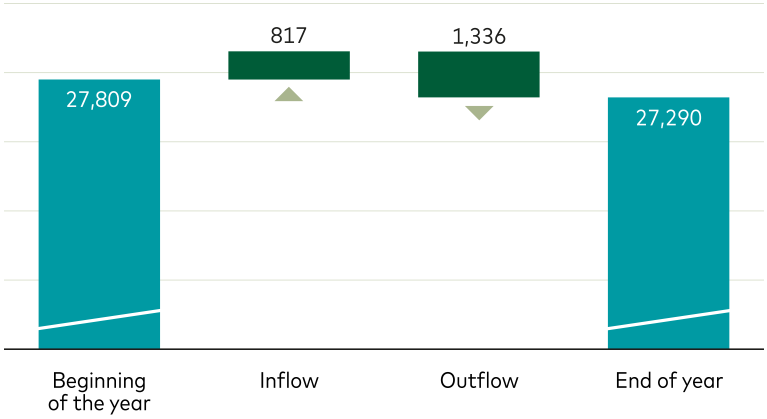
Please refer to the Management agenda 2020 section of this report for our plans to improve our tenant services in 2020.

Portfolio

Units

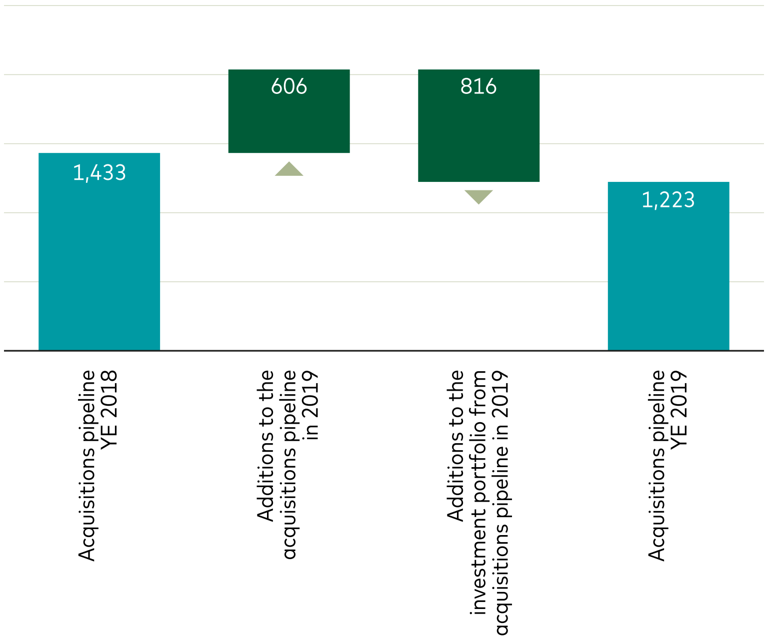
The total number of residential units was 27,290 at year-end 2019, a 2% decline compared with year-end 2018. In 2019, in total 817 homes were added to the investment portfolio (816 new-build homes and 1 transformation unit) and 1,336 units were sold. The net outflow was a result of two portfolio sales which exceeded the inflow from new-build homes from the pipeline in 2019.

Changes in investment portfolio (number of units)



The total committed pipeline at year-end 2019 was 1,223 units, compared with 1,433 units at year-end 2018. In 2019, in total 816 new-build homes were added to the investment portfolio and seven new-build projects were signed, adding 606 units to the committed pipeline.

Acquisition pipeline (number of units)



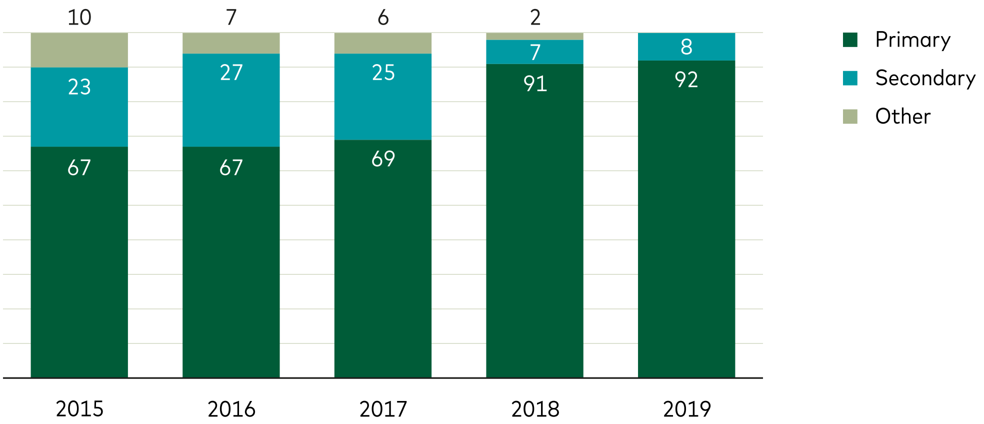
Segmentation

At year-end 2019, 92% of the investment portfolio was located in Vesteda's primary regions. The portfolio disposals we completed in 2019 reduced our exposure in other regions nearly to 0%.

In 2019, we updated our regional segmentation and added a study on the accessibility of jobs in the Netherlands as an additional criterion in our decision-making. Urban areas have grown significantly in recent decades due to the fact that they offer employment, shopping amenities, leisure, schools, hospitals, etc. Mobility is the key dynamic of urbanisation. The most accessible areas in and around cities, those that offer fast connections to work, city life and leisure will be the most popular areas of the future.

As a result of our redefinition of the regions, we upgraded or downgraded 93 out of a total of 380 municipalities. This new segmentation led to a reduction in the total number of primary regions. The increase in % of Primary regions in 2019 is due to two portfolio sales and the inflow of new-build homes in these regions.

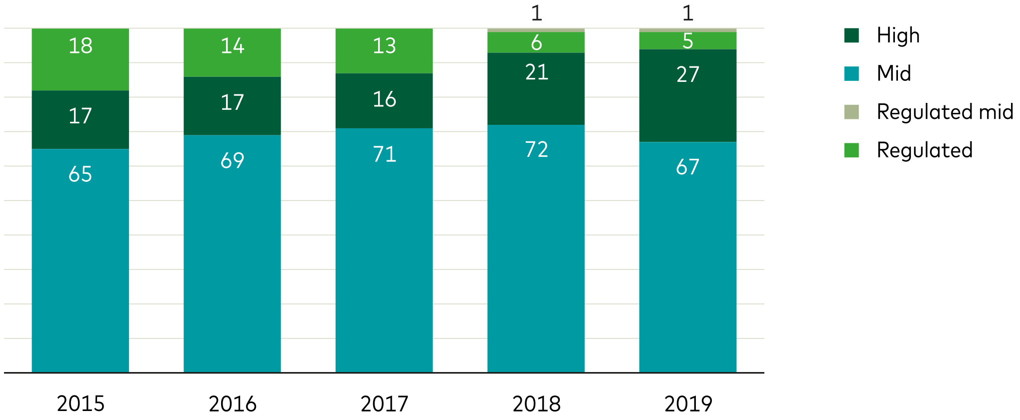
Composition of the investment portfolio by region (%, weight in value)



Vesteda is playing its part in delivering affordable homes in the mid-priced rental segment. As a socially responsible investor, we recognise that finding an affordable home is a growing problem, especially for low-income and middle-income households. The only way to remedy these shortages, including all the knock-on effects of these shortages, is to build more homes. Enlarging the supply of mid-priced rental homes will help to create a balanced housing market and attractive and liveable cities. In line with our strategy of focusing on the mid-rental segment of the market, last year we introduced a new rental segment, the mid regulated rental segment. Under the right conditions, this gives us the opportunity to invest in attractive and affordable homes for the long term.

Furthermore, one of the other measures we took was to cap our annual rent increase in 2019, similar to what we did in 2018. However, we still saw a shift in our overall portfolio from the mid-rental segment to the higher segment due to an increase in market rents in large cities in the Netherlands.

Composition of the investment portfolio by rental segment (%, weight in value)



Acquisitions and property sales

Last year was another strong year for the Dutch residential real estate market. Investors continued to pursue residential real estate buying opportunities. Several large existing portfolios were sold at record low yields.

The competition for new-build high-quality residential product remains fierce. Furthermore, rising construction costs, due in part to tightening sustainability requirements, high land prices and the nitrogen crisis are making it difficult for new-build projects to get off the ground. Yield compression in larger cities seems to be bottoming out, while we are still seeing yield compression in smaller cities and municipalities around larger cities. Vesteda continues to target quality rather than volume and remains selective regarding acquisitions.

Portfolio inflow 2019

In 2019, Vesteda added a total of 817 residential units to its investment portfolio, including 1 transformation unit. The table below provides an overview of the new-build additions to the investment portfolio in 2019.

New-build additions to the investment portfolio in 2019

Residential building	Location	Total number of units	Apartments/Family houses	Region	Rental segment	Quarter of completion/ delivery
De Boulogne 1	Utrecht	45	Apartments	Primary	Mid	Q1
De Boulogne 2	Utrecht	24	Apartments	Primary	Mid	Q1
De Belvedere 2	Utrecht	16	Apartments	Primary	Mid	Q1
De Belvedere 3	Utrecht	32	Apartments	Primary	Mid	Q1
De Belvedere 4	Utrecht	27	Apartments	Primary	Mid	Q1
De Rossfeld	Utrecht	65	Apartments	Primary	Mid	Q1
Koningoord	Berkel Enschot	33	Family houses	Primary	Mid	Q1
Parijsh	Culemborg	42	Family houses	Secundary	Mid	Q1
Keijzershof	Pijnacker	26	Family houses	Primary	Mid	Q1
Hooghkamer	Voorhout	55	Family houses	Secundary	Reg/Mid	Q1/Q4
De Enter	Amsterdam	96	Apartments	Primary	Mid/High	Q1
Willemstoren	Rotterdam	76	Apartments	Primary	Mid/High	Q2
De Lanen	Rosmalen	39	Family houses	Primary	Mid	Q2
Helenahof	Arnhem	55	Apartm. & Fam. houses	Primary	Mid	Q2/Q3
De Draai	Heerhugowaard	31	Family houses	Secundary	Mid	Q3
Kolenpark	Groningen	139	Apartments	Primary	Mid	Q3
Hoog Dalem	Gorinchem	15	Family houses	Primary	Mid	Q4
Total new-build additions to the portfolio		**816**				

Pipeline year-end 2019
In 2019, Vesteda added a total of seven new-build projects, totalling 606 residential units to its pipeline. The total committed pipeline at year-end 2019 was 1,223 units, with an estimated market value at completion of €381 million. All projects are an excellent fit with Vesteda's portfolio strategy in terms of region, rental segment and energy label. The majority of the projects are located in urban expansion sites of larger cities in the Netherlands, where Vesteda can benefit from the promising continued development of the areas.

Composition of the pipeline at year-end 2019

Residential building	Location	Total number of units	Apartments/Family houses	Region	Rental segment	Completion/ delivery
Bensdorp	Bussum	40	Apartments	Primary	Mid	2020
Hoog Dalem	Gorinchem	25	Family houses	Primary	Mid	2020
De Generaal	Rijswijk	120	Apartments	Primary	Mid	2020
Noorderhaven	Zutphen	126	Apartm. & Fam. Houses	Secondary	Mid	2020
De Toren	Hoorn	72	Apartments	Primary	Mid	2020
Zuidpoort	Veenendaal	34	Family houses	Primary	Mid	2020
Koningsoord	Berkel Enschot	32	Family houses	Primary	Mid	2020
Punt Sniep	Diemen	202	Apartments	Primary	Mid	2020
Willemsbuiten	Tilburg	83	Apartments	Primary	Mid	2021
Westerwal	Groningen	171	Apartments	Primary	Mid	2021
Onder de Linden	Oosterhout	39	Family houses	Primary	Mid	2020
Tromppark	Dordrecht	40	Family houses	Primary	Mid	2021
Westergouwe	Gouda	71	Family houses	Primary	Mid	2021
The Ox	Amsterdam	168	Apartments	Primary	Reg/Mid	2022
Total committed pipeline		**1,223**				

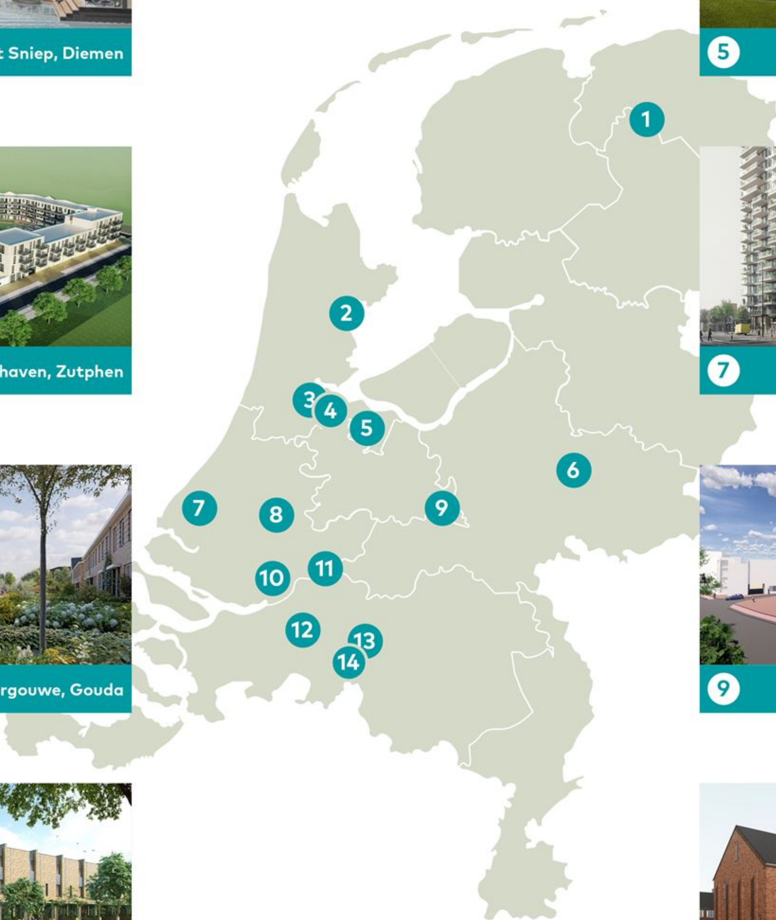

1 Westerwal, Groningen


2 De Toren, Hoorn


3 The Ox, Amsterdam


4 Punt Sniep, Diemen


5 Bensdorp, Bussum




6 Noorderhaven, Zutphen


7 De Generaal, Rijswijk


8 Westergouwe, Gouda


9 Zuidpoort, Veenendaal


10 Tromppark, Dordrecht


11 Hoog Dalem, Gorinchem


12 Onder de Linden, Oosterhout


13 Koningsoord, Berkel-Enschot


14 Willemsbuiten, Tilburg

Property sales in 2019

Vesteda divested 1,336 units that no longer met our key investment criteria, in one large portfolio transaction, one smaller portfolio transaction and several individual unit sales. Most of these assets were located in the central and southern parts of the Netherlands. Furthermore, we took advantage of the current attractive market conditions to reduce our stake in what we see as more volatile and higher risk properties that require high operating and capital expenditures and have limited rental upside.

Performance

Rental income

The total market rent was 2.1% above the theoretical rent at year-end 2019. The reversionary potential declined compared to prior year, as in 2018 the Delta Lloyd portfolio led to a significant increase in the reversionary potential.

The total theoretical rent at year-end 2019 was lower than at year-end 2018, due to the fact that we had more outflow than inflow in the portfolio in 2019.

Market rent and theoretical rent

(€ million, year-end)	2019	2018	2017	2016	2015
Market rent	337	350	264	250	243
Theoretical rent	330	332	260	251	244

Average monthly rent per unit

(€, year-end)	2019	2018	2017	2016	2015
Average monthly rent	968	945	910	882	856

The chart below shows the impact of the rent increase, reletting and portfolio inflow/outflow. [1]

Development of total theoretical rent

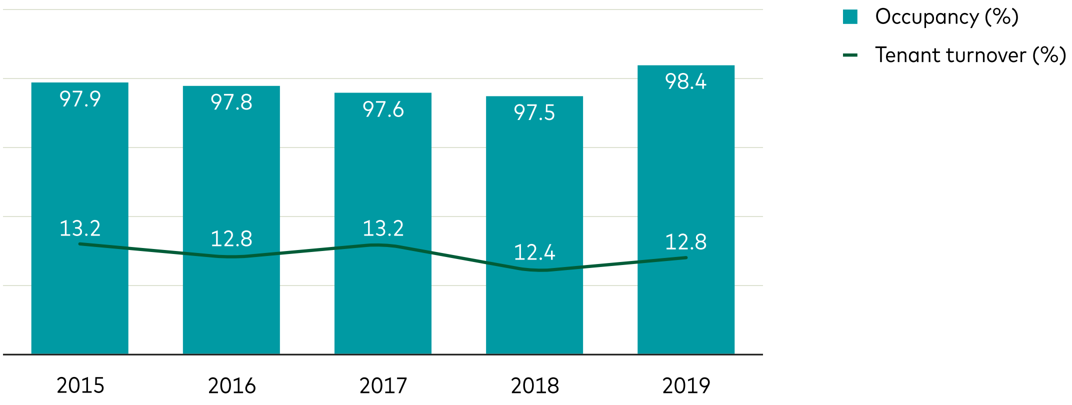
(%)	2019	2018
Like-for-like rental increase	3.6	2.7
- Average rental increase for current tenants	3.1	2.4
- Re-letting	0.5	0.4
Inflow and outflow of properties in the portfolio	0.0	25.0
Total increase in theoretical rent	**3.6**	**27.7**

1 Theoretical rent is measured at a single point in time (year-end) and therefore does not correspond with the increase in theoretical rent in 2019 compared to 2018, which you will find in Note 6 of the consolidated financial statements in this report.

Occupancy

The occupancy rate (in units) increased from 97.5% at year-end 2018 to 98.4% at year-end 2019. Demand remained high, which enabled us to record a strong reletting performance. Tenant turnover slightly increased to 12.8%, from 12.4% in 2018.

Occupancy (%, year-end) and tenant turnover (%)



Rental income

In 2019, the gross/net ratio improved to 23.3%, compared with 25.6% in 2018, driven by the portfolio sales programme over the past two years, which gave us a qualitatively better portfolio. This combined with the inflow of new developments and the addition of the Delta Lloyd portfolio in 2018, has enabled us to realise efficiency benefits due to our size and composition.

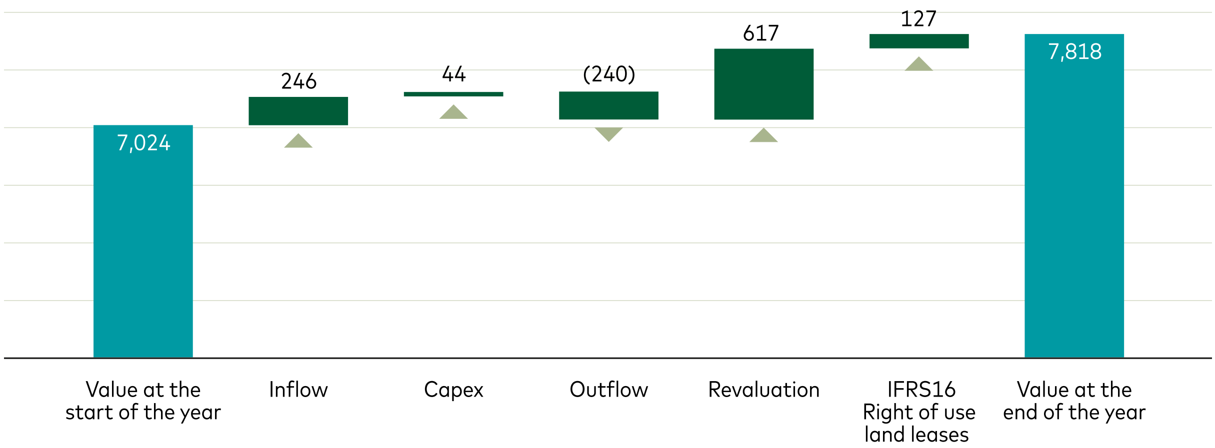
Rental income

(€ million)	2019	2018	2017	2016	2015
Gross rental income	329	281	247	242	237
Net rental income	252	210	184	182	176
Gross/net ratio	23.3%	25.6%	25.7%	24.9%	25.5%

Market value

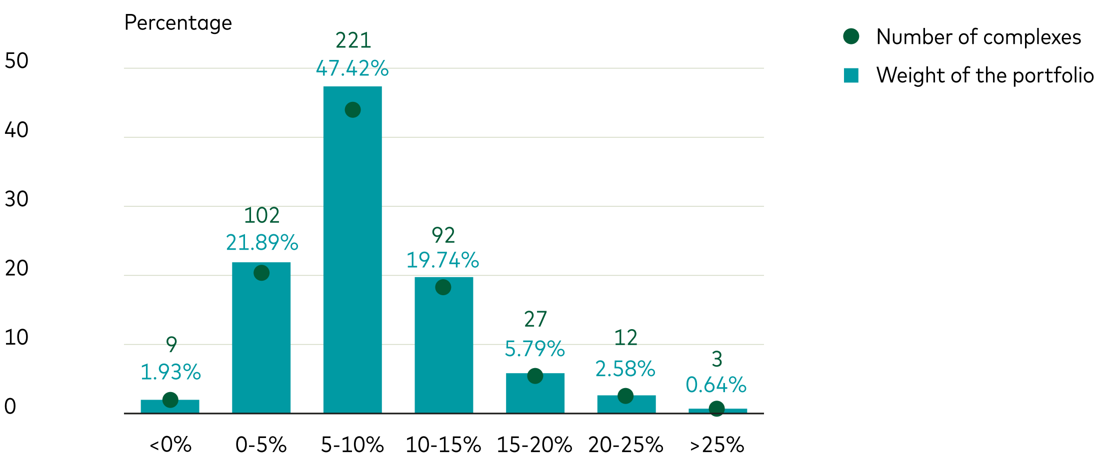
The table below shows the value of the investment portfolio, which increased to €7.8 billion as at 31 December 2019 (including IFRS16), 11% higher than at year-end 2018, with a lower number of units. This higher valuation was largely driven by market developments and lower yields. In addition to this, the quality and value of the inflow was higher than the quality and the value of the outflow. We also made value-add investments in the sustainability or quality of our homes.

Changes in market value (€ million)



The revaluation of the total portfolio was 8.7% in 2019. This positive result was driven by the primary region (8.8%), across all rental segments, except for the regulated mid segment which saw slightly lower revaluation gains.

Revaluation in 2019



Average value per residential unit

The average value per residential unit in the portfolio increased by 13.9% to €278 thousand at year-end 2019. This increase was largely the result of the revaluation of 8.7%. The valuation increase was also partly driven by the new portfolio mix effect, due to the addition of new units with a higher value and the divestment of units with a lower value.

Average market value per unit

(€ thousand, year-end)	2019	2018	2017	2016	2015
Average value per residential unit	278	244	213	186	160

Gross initial yield

The gross initial yield on the portfolio, defined as the theoretical rent at year-end divided by the value of the portfolio at year-end (excl. IFRS16), declined for the fourth consecutive year. In 2019, the gross initial yield declined by 40 basis points to 4.3%. This decline in yield was the result of favourable market conditions and increased competition, which was also reflected in the positive revaluation of the portfolio.

Gross initial yield

(%)	2019	2018	2017	2016	2015
Gross initial yield	4.3	4.7	5.4	5.9	6.6

Participants

The increased prices and values of (residential) real estate have resulted in historically high total returns on equity in recent years. However, the high valuation gains have simultaneously put pressure on the fund's direct returns.

Number of issued participations

The total number of issued participation rights remained unchanged in 2019 at 35,897,595. In 2019, Vesteda welcomed Euler Hermes, Stichting Pensioenfonds ING and VCRF Holding as new participants in the fund following secondary transactions with existing participants.

List of institutional investors (participants)

At year-end 2019, Vesteda's participant base consisted of the following institutional investors (in alphabetical order):

- Allianz Benelux
- APG Strategic Real Estate Pool
- ASR Levensverzekering
- ASR Schadeverzekering
- ASR Utrecht Real Estate Investment Netherlands
- AZ Jupiter 10
- Euler Hermes
- Nationale-Nederlanden Levensverzekering Maatschappij
- Non-disclosed Asian institutional investor
- PGGM Private Real Estate Fund
- REI Diaphane Fund (used to be Bouwfonds Nationale Nederlanden)
- Stichting Bedrijfstakpensioenfonds voor de Media PNO
- Stichting Pensioenfonds ABP
- Stichting Pensioenfonds Delta Lloyd
- Stichting Pensioenfonds ING
- Stichting Pensioenfonds Openbaar Vervoer
- Stichting Pensioenfonds PGB
- Stichting Pensioenfonds voor Fysiotherapeuten
- Stichting Pensioenfonds Xerox
- Stichting Spoorwegpensioenfonds
- Stichting TKPI European Real Estate Fund
- VCRF Holding

Distribution to participants

The participants' meeting in December 2016 approved the following distribution policy, effective as of financial year 2017:

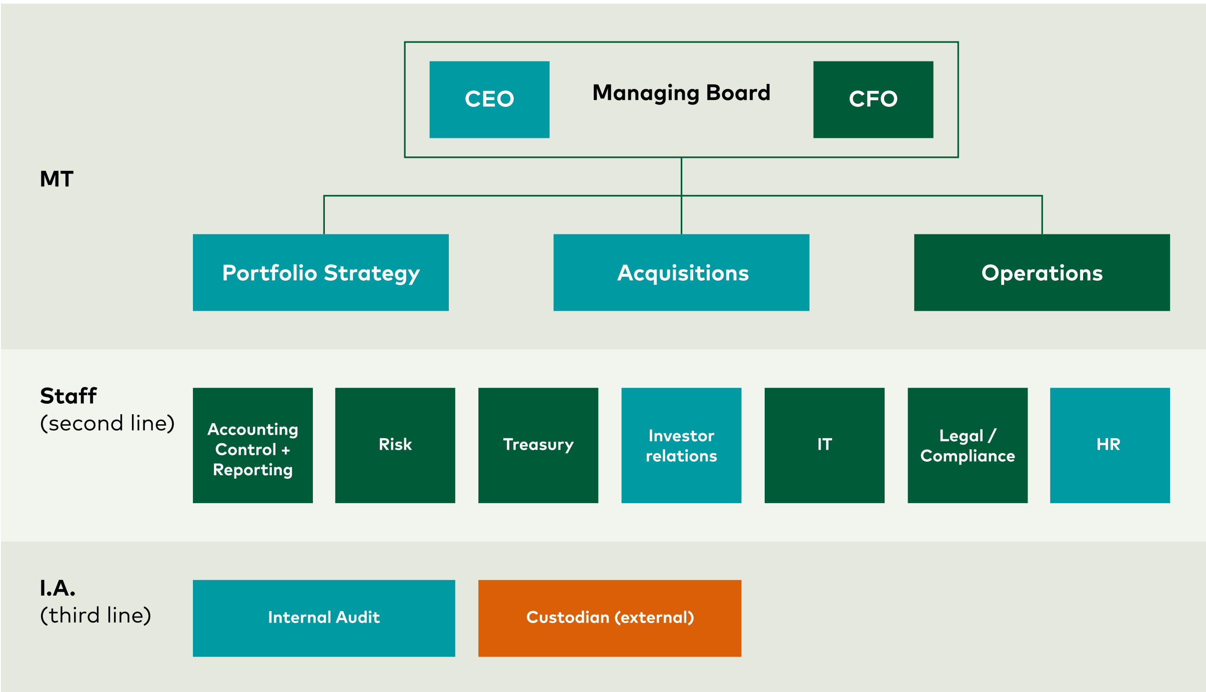
- Approximately 60% of budgeted distribution is paid out in three instalments in the course of the year, each time two weeks after quarter end. The remaining approximately 40% will be paid out in two instalments after the close of the financial year, one in January, shortly after fourth quarter end, and one after the adoption of the distribution proposal in April.

In 2019, a total amount of €344.0 million was distributed to participants, of which €72.0 million was the Q4 2018 interim distribution paid out in January 2019 and the 2018 final distribution paid out in April 2019. A total of €109.5 million was paid in three instalments as an interim distribution for 2019. Furthermore, a capital repayment of in total €162.5 million was made in August 2019, related to a portfolio sale.

In 2020, the Q4 2019 interim distribution of €36.5 million was paid out in January 2020. Vesteda will propose to the General Meeting of Participants on 8 April 2020 a final distribution payment for 2019 of €42.7 million.

Organisation and staff

Organisational structure



Vesteda is an internally managed fund with in-house property management. At year-end 2019, Vesteda employed a total of 194 FTEs.

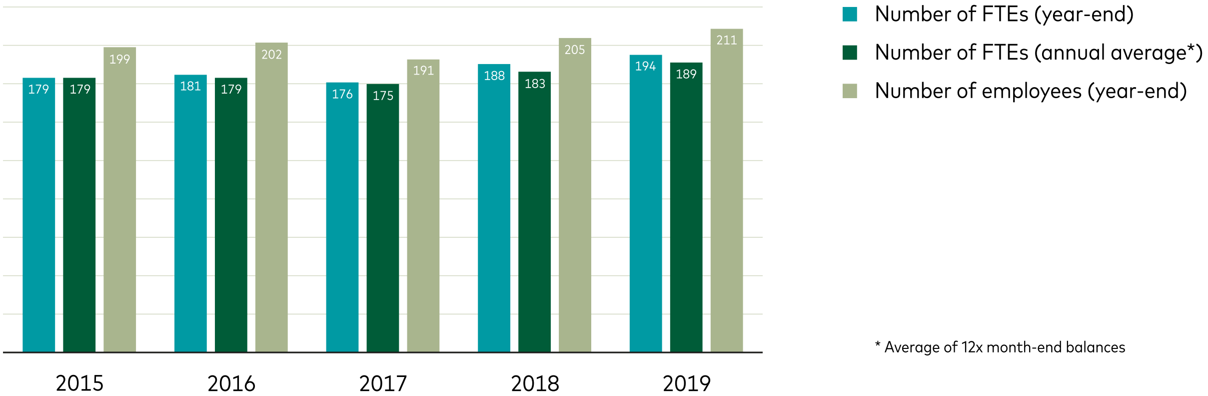
In 2019, we continued to prepare ourselves for the launch of the new ERP system, scheduled to go live mid-2020. As part of these preparations, we allocated a number of Vesteda staff to this project and hired interim staff to ensure the continuity of day-to-day operations.

Our organisational structure consists of the Portfolio Strategy, Acquisitions and Operations departments and several staff departments and functions. The Acquisitions and Operations departments are led by the two directors of these core departments, who form Vesteda's Management Team. The Portfolio Strategy department was led in 2019 by the CEO. The Vesteda Management Board consists of Gertjan van der Baan (CEO) and Frits Vervoort (CFO).

Our Portfolio Strategy department is responsible for the desired portfolio development, monitoring and continuous optimisation of the quality and value growth of our portfolio. Our Acquisitions department is responsible for the execution of the portfolio strategy through the purchase and sale of residential complexes and portfolios. Our Operations department is responsible for the quality of our services, the maintenance of our portfolio, individual unit sales and technical and operational asset management.

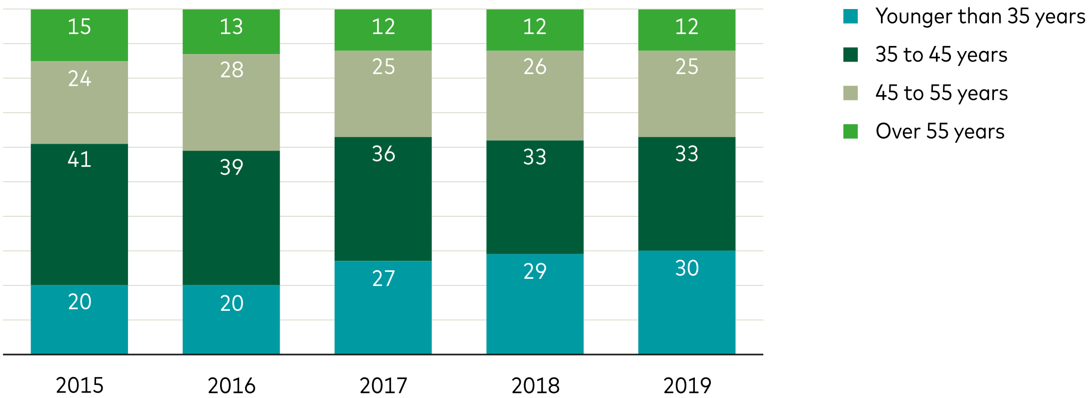
Workforce

Employees (number of FTEs / employees)



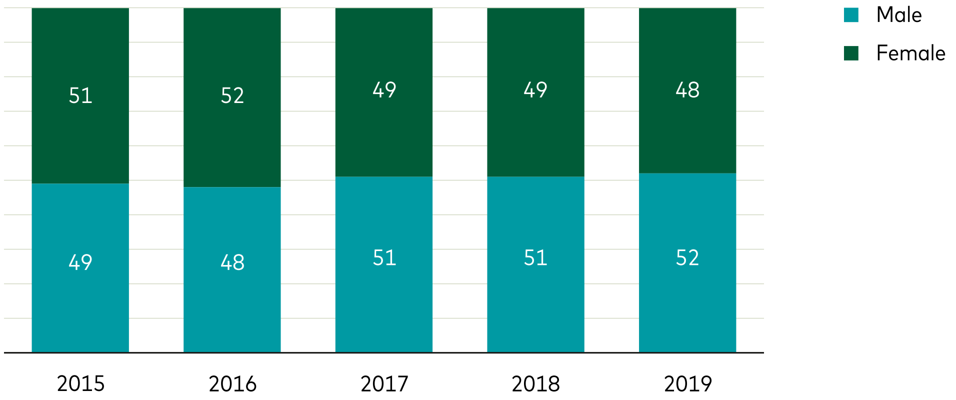
At year-end 2019, Vesteda employed 194 FTEs, an increase of 3.2% compared with 188 FTEs at year-end 2018. The number of employees increased to 211 at year-end 2019, from 205 at year-end 2018.

Workforce, by age (%)



The average age of Vesteda employees dropped from 41.4 years in 2018 to 40.9 years in 2019. The largest portion (33%) of the workforce is between 35 and 45 years of age. The representation of the group younger than 35 years of age increased to 30%.

Workforce, by gender (%)



The male/female ratio changed slightly compared with the year-end 2018. At year-end 2019, 52% of the workforce were male and 48% were female.

In 2019, 42 new employees joined Vesteda (43% female/57% male) and 36 employees left the company (47% female/ 53% male).

The male/female ratio within the Management Board is 100/0 and the male/female ratio within the Management Team, including Management Board, is 75/25. In 2019, Vesteda's Supervisory Committee consisted of five members: three men and two women. Following the end of the terms of two members in 2019, one male and one female member were added to the committee, which improved the diversity of the Supervisory Committee to 40% female.

Vesteda recognises the importance of an equal distribution of male and female members of its Management Board and Supervisory Committee, taking into account that a candidate's qualifications and match with the function profile are always the leading principles behind any appointment.

At year-end 2019, 82% of Vesteda's workforce had permanent contracts, of which 89 were men and 84 were woman; 18% of Vesteda's employees had a temporary contract, of which 21 were men and 17 were women. This was an absolute decrease of 3% compared with year-end 2018, when 21% of Vesteda's employees had a temporary contract. In 2019, 32% of the employees of Vesteda worked part time, of which 13 were men and 55 were women. Most fulltime Vesteda employees are men (97 men versus 46 women).

The percentage of employees covered by collective bargaining agreements was 93% at year-end 2019.

Total remuneration

Total remuneration amounted to €13.2 million (91% fixed and 9% variable) in 2019, an increase compared to the previous year (2018: €12.4 million).

Bonuses

Vesteda has a bonus scheme with a collective component that includes criteria such as the realised operational result, GRESB score, tenant satisfaction score and increase in gross rental income. The variable remuneration also includes an individual component and in some cases a team component. Variable remuneration is only paid, in full or in part, if Vesteda's realised results meet the targets sufficiently. This requirement was met in 2019.

Organisation, employees, trainee development and training

On our journey to become a High Performance Organisation (HPO), in 2019 we focused on our employees, our managers and our organisation.

As part of our goal to be an employer of choice by creating an inspiring and pleasant environment to work in, we introduced Vesteda Vitaal as a benefit to encourage our employees to live a more healthy and balanced lifestyle. Vesteda Vitaal offers our employees insight into their personal lifestyle, health risks and provides personalised advice on how to improve that lifestyle.

The first shift of our trainee programme ended in November 2019 and resulted in all four trainees remaining with Vesteda, either as an employee or working on a temporary project. A second shift started in September 2019 with three trainees. As in the first group, during the two-year programme the trainees will be given various assignments, changing the department they work for on average every six months. They will also be assigned a group (CSSR) project to develop their teamwork skills. The traineeship includes a personal leadership programme, with personal coaching, intervision and development workshops. In addition to the current trainees, nine young employees from across the organization are participating in the 'young development programme', which started in November 2019.

At the end of 2018, we launched an internal management development programme to increase collaboration between managers and teams and help create a culture in which our employees embody our core values and learn how to achieve their own and their teams' full potential. During the course of 2019, a group of 29 managers learned not only about their own behaviour based on individual preferences and character, but also increased their understanding of the behaviour of others through the use of the RealDrives tool. With the aid of intervisions, using the so called Hot Seat method, the sessions encouraged people to share their dilemmas and help each other. This proved to be an effective method for communicating and collaborating across different teams and functions.

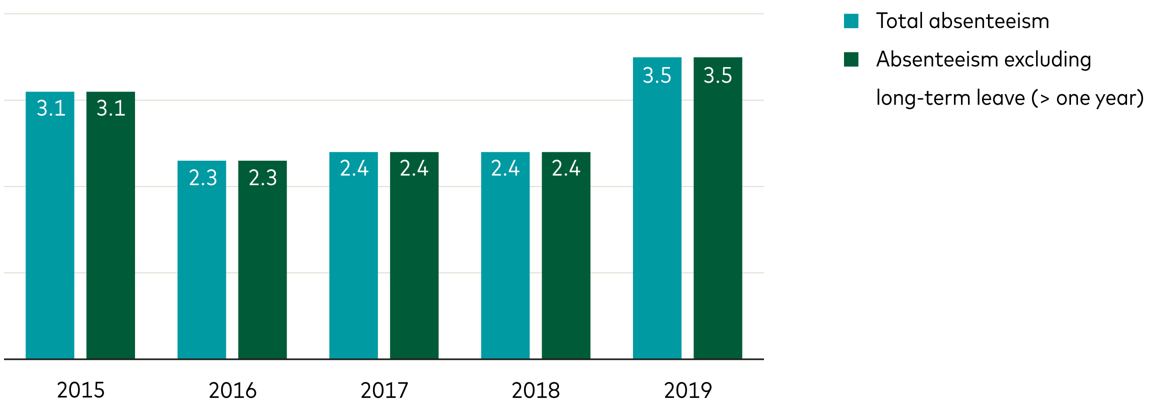
To improve both our customer services and our processes, our main focus in 2019 was on preparing ourselves for the launch of the new ERP system, new website and CRM system. To ensure the quality and readiness of these new systems, we decided to postpone implementation to 2020.

Following the acquisition of the former Delta Lloyd portfolio in 2018, we started insourcing the property management activities of the former Delta Lloyd portfolio into our own organisation at the end of 2019. As part of this insourcing project and to re-divide the Vesteda portfolio based on location, in October 2019 we opened a seventh regional office in the north-western part of the Netherlands. We also added 8 FTEs to manage part of the total portfolio, in line with the investment proposal for the former Delta Lloyd portfolio.

In 2019, Vesteda invested approximately €627 thousand (4.8% of the gross payroll) in the training and development of individual employees, the teams, the new employee council members, trainee and young talent development and the "Vesteda Verbetert" management development programme. This was an increase of 26% compared with 2018 (3.8% of the gross payroll).

Absenteeism

Sick leave (%)



Absenteeism increased to 3.5% in 2019, compared with 2.4% in the previous two years. The sickness absence in 2019 was higher due to the fact that a few employees were sick longer than two weeks, but shorter than one year.

Works Council

In 2019, the Works Council and the Management Board met on a regular scheduled basis. These meetings were constructive and subjects included (but were not limited to) HPO, Vitality, the ERP system, the Green Bond and our car policy. The Works Council set up a panel to improve the connection with employees, to facilitate more support for and feedback from employees working in various parts of the company. Two members of the Works Council left the company in 2019.

Funding

Vesteda significantly transformed its funding profile from primarily CMBS notes and bank facilities based funding to a well-diversified fully unsecured funding structure, consisting of a combination of bank debt, euro commercial paper ('ECP'), private placements and public bonds. The unsecured debt profile allows Vesteda to secure debt funding through various debt markets at any point in time. Vesteda has a credit rating of 'BBB+' with a stable outlook from Standard & Poor's, and this was last reconfirmed in May 2019.

We will continue with our existing funding strategy. Our financing strategy is based on seven funding targets:

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 of at least 10% individually
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 2019, we met all our funding targets.

In 2019, Vesteda further improved its funding profile through a combination of the following actions:

For its short-term funding needs, Vesteda introduced the Euro Commercial Paper programme for up to €1 billion. Using this programme, Vesteda can fund itself at a negative rate. At year-end 2019, Vesteda used €215 million of this programme.

In February 2019, Vesteda exercised the first extension option of the RCF. Five out of six lenders in the RCF approved this request. As a result, €630 million of €700 million was extended by one year to 1 June 2024, and €70 million matures on 1 June 2023.

Following the introduction of the Euro Commercial Paper programme, the RCF now serves only as back-stop facility, in the event that Vesteda cannot make use of the ECP market. Therefore, the RCF was not in use at year-end, and had an availability of €700 million. Vesteda also amended the RCF, incorporating a swingline loan. This allows Vesteda to draw up to €225 million on the facility on the basis of same day notice.

In May 2019, Vesteda issued its inaugural green bond. Vesteda's focus on CSSR puts the company in a good position to issue 'green bonds'. A green bond not only underpins our CSSR strategy but also attracts a wider investor community, both in terms of types of investor and geography. This was also evidenced by the result of the green bond issue, when compared with the previous issue, more investors subscribed, and more sizeable orders were placed. The issue was more than six-times oversubscribed and the new-issue premium was negative.

In June 2019, Vesteda replaced the €200 million committed SMBC facility with a €200 million uncommitted SMBC facility. After the green bond issue and the repayment of our €300 million bond that matured in 2019, Vesteda did not need an extra €200 million committed facility for liquidity headroom. This is why we replaced this with an uncommitted facility.

Through these transactions, Vesteda increased its average weighted maturity profile to 5.9 years, above our long-term minimum target of four years. The average total debt interest rate improved to 2.0% in 2019.

Vesteda's main financial covenants, as part of its financing agreements, are a maximum loan-to-value ratio of 50% and a minimum interest cover ratio of 2.0. We comfortably met all the financial covenants of our financing arrangements in 2019.

The loan-to-value ratio was 23.1% at year-end 2019, compared to 24.0% at year-end 2018.

Debt portfolio at year-end 2019

Committed Debt instrument	Size (€ million)	Drawn (€ million)	Weight	Maturity	Tenor
EMTN PP 1.93%	35	35	1.9%	2027	8.0 yr
EMTN PP 2.50%	65	65	3.6%	2032	13.0 yr
Pricoa USPP 3.18%	100	100	5.5%	2021	1.4 yr
Pricoa USPP 1.8%	100	100	5.5%	2026	7.0 yr
Syndicated RCF	700	0	0%	2024	4.4 yr
Bond 2.50%	300	300	16.4%	2022	2.8 yr
Bond 2.00%	500	500	27.4%	2026	6.5 yr
Green Bond 1.50%	500	500	27.4%	2027	7.4 yr
Total	**2,300**	**1,600**			

Uncommitted Debt instrument	Size (€ million)	Drawn (€ million)	Weight	Tenor
SMBC Uncommitted Facility	200	10	0.5%	0.5 yr
Euro Commercial Paper programme	1,000	215	11.8%	0.1 yr
Total	**1,200**	**225**		

Notes to the results

Income statement

(€ million)	FY 2019	FY 2018
Theoretical rent	339	290
Loss of rent	(10)	(9)
Gross rental income	**329**	**281**
Service charges income	9	10
Revenues	**338**	**291**
Property operating expenses (excluding service charges)	(72)	(65)
Service charges	(14)	(16)
Net rental income	**252**	**210**
Result on projects in progress	-	-
Result on property sales	13	44
Management expenses	(23)	(18)
Interest expenses (including amortisation of financing costs)	(40)	(29)
Realised result before tax	**202**	**207**
Unrealised result	653	825
Result before tax	**855**	**1,032**
Tax	(1)	-
Result after tax	854	1,032
Revaluation of Property Plant and Equipment (PPE)	1	2
Settlement pre-hedge contracts	(6)	-
Total comprehensive income	**849**	**1,034**

Gross rental income

The total theoretical rent increased by €49 million to €339 million in 2019. This increase was largely due to the former Delta Lloyd portfolio acquired in June 2018. Furthermore, the average monthly rent increased from €945 at year-end 2018 to €968 at year-end 2019. The like-for-like rent in 2019 was 3.6% in 2019, while the loss of rent improved from 3.2% in 2018 to 2.8% in 2019. Overall, this resulted in a gross rental income increase of €48 million to €329 million in 2019.

Net rental income

Property operating expenses amounted to €72 million in 2019, €7 million higher than the €65 million recorded in 2018, due to the increased size of the portfolio. Operating expenses, including non-recoverable charges, amounted to 23.3% of gross rental income in 2019 (2018: 25.6%). This resulted in a net rental income of €252 million in 2019, compared with €210 million in 2018.

Result on property sales

In 2019, Vesteda sold a total of 1,336 homes from its investment portfolio, with a net result of €13 million (2018: €44 million). Vesteda sold a total of 1,117 homes as a portfolio and 219 homes in individual unit sales.

Management expenses

Management expenses came in at €23 million, €5 million more than the €18 million recorded in 2018 due to lower recharged acquisition expenses, lower recharged property sales expenses, lower recharged property sales expenses and higher other operating expenses in 2019.

The Total Expense Ratio (TER) improved slightly from 31 basis points over GAV in 2018 to 30 basis points in 2019.

Interest expenses

Interest expenses increased by €11 million to €40 million in 2019, compared with €29 million in 2018, mainly due to a higher average debt position. The implementation of IFRS 16 as per 1 January 2019 also had a €4 million impact. The average cost of debt declined from 2.1% in 2018 to 2.0% in 2019. In May of 2019, Vesteda issued a €500 million green bond, and used part of this to repay the €300 million bond that matured in July 2019. In June 2019, Vesteda also repaid a committed €200 million SMBC facility and replaced this loan with an uncommitted facility of the same size. Through these transactions, Vesteda extended the weighted average term of its loan portfolio to 5.9 years and reduced its average interest rate.

Interest expenses and EBITDA

(€ million)	FY 2019	FY 2018
Interest expenses (excluding amortisation of financing costs)	37	28
Interest expenses (excluding amortisation of financing costs and IFRS16)	34	33
EBITDA	242	235

Realised result

Vesteda recorded a realised result of €201 million in 2019, €6 million lower than the realised result of €207 million recorded in 2018. A higher net rental income was more than offset by a lower result on property sales, higher management expenses and increased interest payments. The realised return as a percentage of time weighted average equity declined from 4.6% in 2018 to 3.6% in 2019.

Excluding result on property sales, realised result increased from €163 million in 2018 to €188 million in 2019. Excluding the return from property sales, the realised return was 3.3% in 2019, compared with 3.6% in 2018. This decline is the result of the increased value of the portfolio.

Unrealised result

The positive sentiment on the Dutch housing market led to a positive revaluation of 8.7% on the investment portfolio in 2019, compared with 13.5% in 2018. Appraisals of Vesteda's investment portfolio showed a further decline of exit yields. The unrealised result amounted to €653 million in 2019, including a €3 million positive IFRS16 impact, compared with €825 million in 2018.

Total comprehensive income

Vesteda's total comprehensive income declined from €1,034 million in 2018 to €849 million in 2019, primarily due to exceptionally high revaluation results in 2018. Total return on time weighted average equity (ROE) was 14.9% in 2019 (2018: 23.0%), 3.6% of which was realised return (2018: 4.6%), 11.4% of which was unrealised return (2018: 18.4%), and -0.1% due mainly to the settlement of pre-hedge contracts (2018: 0.0%).

Statement of financial position

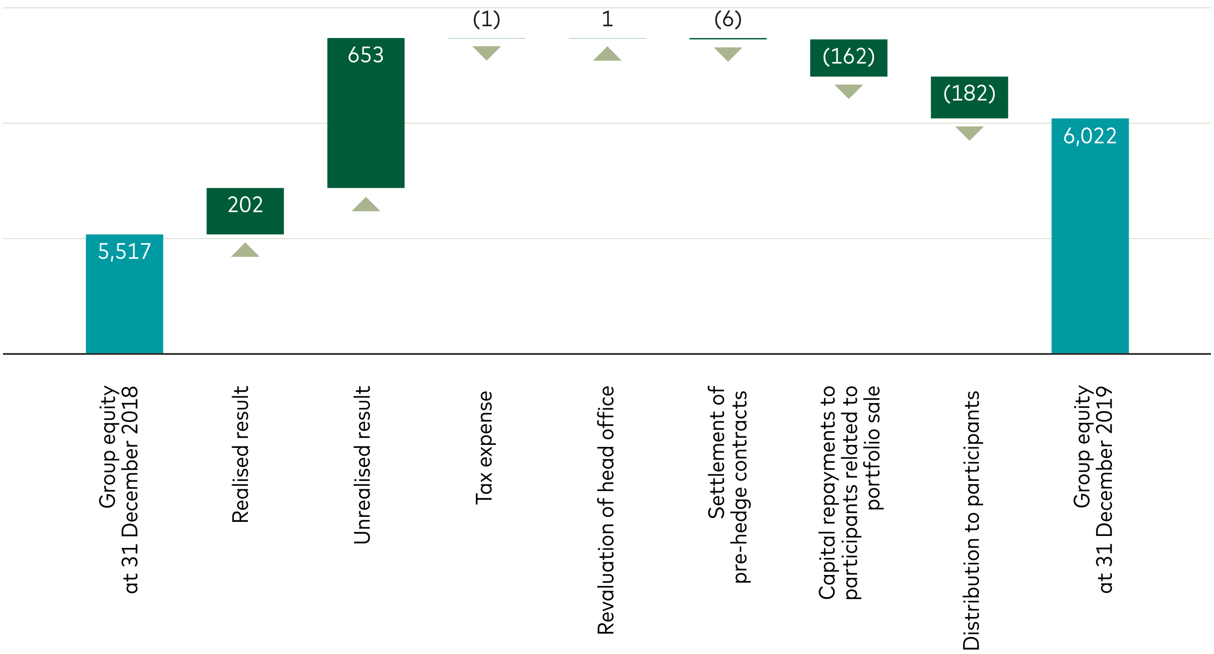
(€ million)	31 December 2019	31 December 2018
Total assets	8,058	7,337
Equity	6,022	5,517
Debt capital	1,825	1,746
Leverage ratio (%)	22.5	23.7

At year-end 2019, the leverage ratio including IFRS16 was 22.5%. Excluding IFRS16, the leverage ratio at year-end 2019 was 22.9% (YE 2018: 23.7%).

Changes in equity

At 31 December 2019, group equity amounted to €6,022 million, compared with €5,517 million at 31 December 2018. The €505 million increase in equity was the balance of a realised result of €202 million, an unrealised result of €653 million, a €1 million income tax expense recognised in profit or loss, a €1 million revaluation gain on our head-office, a €6 million settlement on pre-hedge contracts, a capital repayment to participants related to a portfolio sale of €162 million, and a distribution to participants totalling €182 million.

Changes in equity (€ million)



Return on equity

(% of time weighted average equity)	FY 2019	FY 2018
Realised return	3.6	4.6
- return from letting	3.3	3.6
- return from property sales	0.2	1.0
Unrealised return	**11.4**	**18.4**
Total return	**15.0**	**23.0**
Return from other comprehensive income	(0.1)	0.0
Total comprehensive return	**14.9**	**23.0**
Total comprehensive income in € per participation right (based on number of participations at year-end)	**23.8**	**28.8**
Proposed distribution over the financial year (% of time weighted average equity, excluding capital repayment related to portfolio sale)	3.3	3.6

Performance compared with MSCI

In 2019, Vesteda outperformed the three-year MSCI IPD Netherlands Residential Benchmark both in terms of direct return (+0.1%) and capital growth (+0.3%). [2]

Vesteda Residential Fund versus MSCI residential benchmark

	2019	2018	2017	2016	2015	3 yr average	5 yr average
Direct return							
Vesteda Residential Fund	3.3	3.5	4.1	4.6	5.0	3.6	4.1
MSCI-benchmark	3.2	3.4	3.8	4.2	4.5	3.5	3.8
Outperformance	*0.2*	*0.0*	*0.2*	*0.4*	*0.4*	*0.1*	*0.2*
Capital growth							
Vesteda Residential Fund	9.2	15.9	13.5	10.6	5.0	12.8	10.7
MSCI-benchmark	10.1	14.7	12.6	10.5	6.3	12.5	10.8
Outperformance	*-0.8*	*1.0*	*0.8*	*0.0*	*(1.2)*	*0.3*	*-0.1*
Total return							
Vesteda Residential Fund	12.8	19.9	18.1	15.7	10.2	16.8	15.2
MSCI-benchmark	13.6	18.6	16.9	15.2	11.0	16.3	15.0
Outperformance	*-0.7*	*1.1*	*1.0*	*0.4*	*(0.8)*	*0.4*	*0.1*

Non-financial figures

	31 December 2019	31 December 2018
Number of residential units	27,290	27,809
- apartments	14,959	15,135
- single family houses	12,331	12,674
Number of residential units inflow	817	7,584
Number of units outflow	1,336	2,229
- individual unit sales	219	322
- portfolio sales	1,117	1,872
- residential building sales	-	35
Occupancy rate (% of units)	98.4	97.5
Tenant satisfaction (rating out of 10)	6.9	6.8
Number of employees (FTE, at year-end)	194	188

For more information, please see the sections consolidated and company financial statements of this report.

2 Direct return and indirect return might not add up to total return as a result of time weighted averages on a monthly basis.

Outlook and management agenda

The outlook for 2020

Economic picture slightly less favourable

Economic growth is slowing down in the Netherlands due to the decline in global growth and, to a lesser extent, the issues related to nitrogen emissions and PFAS levels. Unemployment reached its lowest point since before the financial crisis in 2019, but was expected to remain exceptionally low in 2020. Labour market shortages are leading to an increase in contract wages. Inflation was expected to slow down this year, as the impact of last year's increase in indirect taxes fades away. The budget surplus was projected to decline as a result of expansionary policies and weaker growth, but the decline will be lessened by significant underinvestment. The main risks to the Dutch economy relate to US trade policy and Brexit, both in 2019 and this year, but there are also domestic risks due to the issues around nitrogen emissions and PFAS levels (source: CPB Netherlands Bureau for Economic Policy Analysis). In addition, the recent outbreak of the coronavirus (COVID-19) changes the Global and Dutch economic outlook dramatically.

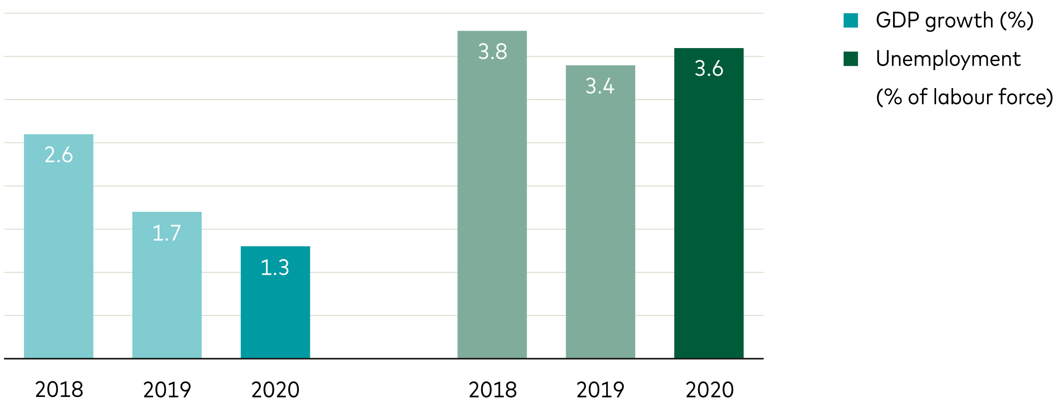
Coronavirus (COVID-19)

Late December 2019, the coronavirus (COVID-19) outbreak started in China and spreading throughout Europe in early 2020, causing serious illness to thousands of people and leading to many deaths. Governments across the globe are taking extreme measures to contain the virus and to prevent the further spread. This includes sealing off cities, preventing travel and requiring people to stay in their homes. At this point, we don't know how long this pandemic will last, but it is clear that the impact on the Global and Dutch economy will be severe. It is too early to determine the exact impact for Vesteda.

To prevent the further spread of the coronavirus, Vesteda has also taken measures regarding the operational activities of the company, such as additional hygiene rules and strict limitations regarding travel, physical office meetings and external appointments. At this point (18 March 2020), it is hard to predict the complete impact for our business. Initial tests confirm that our business operations continue to run well and that we can continue to deliver almost all our services to our customers.

We expect higher costs for tenant turnover and higher frictional vacancy, especially in the higher segment and in some commercial spaces. Furthermore, outstanding receivables and loss of rent will be higher and the value of the assets will be negatively impacted. The Management Board will closely monitor the development of this crisis and takes additional measures if needed, prioritising the health and safety of our tenants and employees.

GDP growth and unemployment rate (%)



Source: CPB Netherlands Bureau for Economy Policy Analysis

On a more positive note, purchasing power is set to improve in the coming year, due to increases in real wages and tax cuts. On average, purchasing power will increase by 2.1% in 2020. As a result of the announced exemption scheme for pension funds with a solvency ratio of at least 90%, the implementation of pension cuts and increases in premium payments will be postponed until 2021 at most pension funds. For the coming year, the increase in the purchasing power of pensioners is estimated at 1.0%. Although pensioners will benefit from tax cuts, there will be little if any indexing of supplementary pensions. All of these predictions are pre corona crisis.

Megatrends affecting the Dutch housing market

The Dutch housing market in general and the mid-rental market in particular are facing a number of serious challenges. For one, demand for affordable housing continues to grow faster than any new supply. At the same time, we are seeing a change in the demand in terms of product, location and building specifications, all of which are being influenced by the following trends.

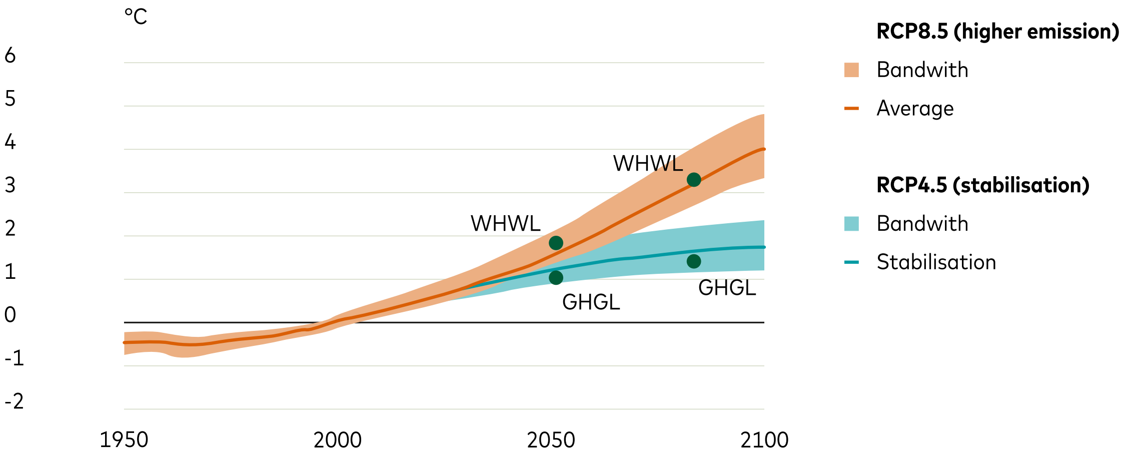
Affordability

There is a growing imbalance in housing stock, which is in turn affecting housing affordability. And this is not just a phenomenon in the Netherlands, but is a global issue. The scarcity of new locations, long lead times for developments and limited capacity to scale up building projects, the regulation of the housing market and the latest restrictions on nitrogen risk has led to a sharp drop in building permits. We believe that the affordability issue is here to stay for the coming years and this may result in new regulation.

Climate change

The built environment has a major impact on greenhouse gas emissions and the changing climate. We will continue to focus on energy efficiency and clean energy sources. We will help to limit the impact of GHG emissions and make our assets resilient in the face of the effects of climate change, and we will comply with Dutch regulations related to the energy transition.

Climate change

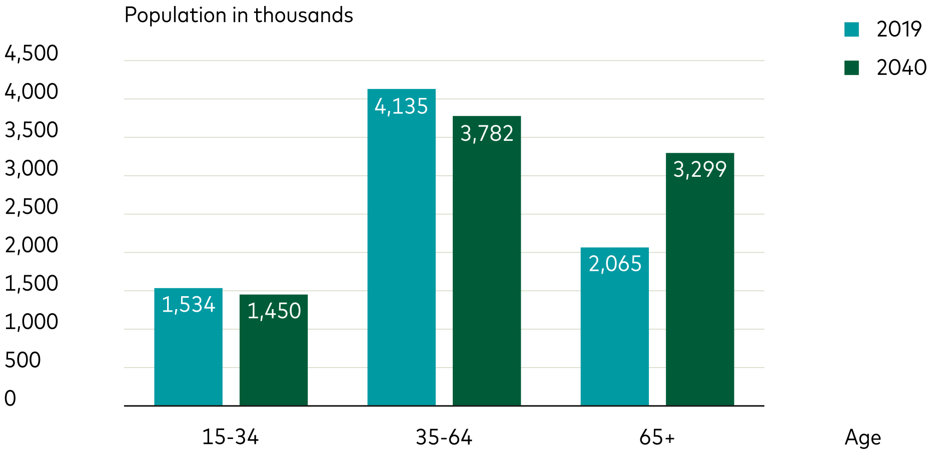


Source: KNMI (Dutch Meteorological Institute)

Shift in demographics

Population growth combined with a shift towards smaller households is accelerating the already rapidly growing demand for housing. This combined with the ageing of the population is driving demand for a different product, which tends to be smaller and aimed at facilitating independent living for a greater length of time. This has an impact on our programme of requirements and product market combinations. In addition to this, we will investigate how to attract the large and growing group of middle-income, independent seniors.

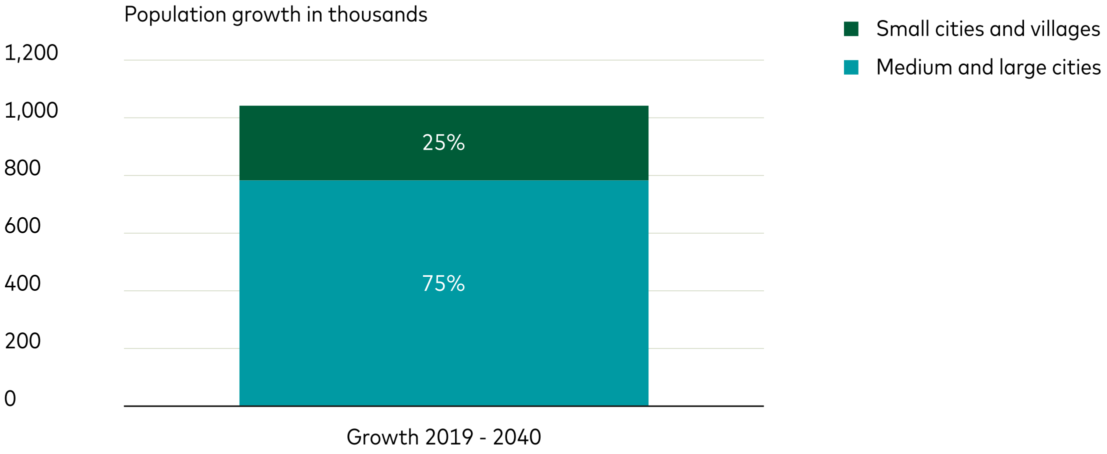
Shift in demographics



Urbanisation and transit-oriented development

Urbanisation is driving the ongoing growth of large cities, which are expanding into 'urban regions' and will eventually become metropoles (on a Dutch scale). The following chart shows that 75% of population growth is expected to take place in these urban areas. The access to jobs is a key factor in this growth. So investing in the right locations is vital to ensure long-term growth. This has an impact on our view of primary regions we have already invested in or will invest in in the future.

Urbanisation



Source: Statistics Netherlands

PropTech

Technology is growing at an exponential pace. Vesteda is investing in a modern IT architecture to ready ourselves for the future. For example, we are implementing and launching a new ERP system, a new website, a new commercial CRM system and a state-of-the-art data warehouse. This open and advanced architecture makes it possible to develop or implement solutions in the PropTech domain (smart buildings, preventive maintenance). Additionally, we are shifting our focus to data-driven decision-support by implementing data science technology.

Management agenda 2020

Tenants

Annual tenant review 2019

We will once again be producing an annual review for tenants this year. As in 2018, the idea is to focus on a number of themes and summarise these in a digital, illustrated and – most importantly – comprehensible overview. This year's review will also include the option to click through to a digital environment for more information on the chosen subjects.

AEDs

We are teaming up with the Dutch Heart Foundation to fill the gaps in the AED network in our portfolio of properties, i.e. the areas where there are no registered AEDs available 24/7 within a radius of 500 metres.

Service please

At the end of 2019, we kicked off an internal campaign aimed at making Vesteda a fully service-oriented organisation. By focusing on the quality of our services, we expect to achieve improvements in terms of reducing the number of complaints we receive.

Tenant communications plan

One example of how we will improve the relationship with our tenants is by regularly sharing information via our digital newsletters. In 2020, we will focus our communication primarily on insourcing of acquired homes from the former Delta Lloyd portfolio. Furthermore, a new Tenant portal will be launched. We will also use this tool to share our stance on relevant social themes and recurring subjects such as asbestos and fire safety.

Solar panels

On the sustainability front, we are very keen to increase the number of solar panels installed across our portfolio. We will be working on various scenarios to formulate an effective solar power policy.

Affordability: calculation tool for new tenants

Given that affordability is a major issue right now, we want to give our tenants more insight into the expected increases in the (overall) costs of a home (rent increases). We would also like to include information on expected energy costs for their particular home and family size (single person, two-person, small family, etc.). We are keen to improve the transparency of our communications on this front and manage new tenants' expectations more effectively. The idea is to put a calculation tool on our website, giving tenants the opportunity to calculate their housing costs now and five years down the line. We are working with the National Institute for Family Finance Information (Nibud) to build this calculation tool.

Screens in the entrances

As a replacement for our message boards, we are currently investigating the possibility to install screens in the entrances of our apartment complexes, to improve and increase communications on complex-related matters.

Entrance upgrades

This year we will select one complex per region and upgrade the entrance to the complex. Our aim is to involve the residents in this exercise to make them feel even more at home in their residential complex. The acquisition team will also be working with operations to devote more attention to the entrances of any new-build complexes we acquire.

Portfolio

Continued focus on improving the quality and sustainability of the portfolio

Our main goal is a mid-market portfolio located in Vesteda's chosen primary regions that consists of sustainable and future-proof, attractive, well designed houses, tailored to specific target groups but flexible in terms of future use, so we can continue to outperform the MSCI three-year IPD Dutch Residential Benchmark total return. Our focus is on a sustained income growth of 2.5%-3.0% and a low risk/return profile.

We conducted a study on the accessibility of jobs in the Netherlands. We believe that primary regions are the most accessible areas in and around cities, that offer fast connections to work, city life and leisure. The scores and insights from this study are used to determine the primary regions for our current portfolio and for potential acquisitions.

The strong economic climate has made acquisitions more challenging, but we still expect to record growth by adding new projects to our pipeline in the coming years. We expect to add approximately 1,100 units to our pipeline in 2020, but size or growth is not a goal in itself. We currently have sufficient scale to effectively manage our portfolio at an attractive cost level, so we have no intention of compromising on quality. We do not foresee any more residential portfolio sales and we have a selective disposal strategy.

We are constantly identifying opportunities for redevelopment and densification, or to optimise or add value to standing assets in our portfolio. We will develop data-driven models to support our decision-making. One local change and opportunity that we are facing in Amsterdam is the change in the leasehold system. In the modified system, the city council has opted for perpetual leaseholds and we will look into accepting the favourable conditions the council is offering to change our leaseholds.

The limited availability of affordable housing in combination with rent increases far higher than inflation, is a growing problem for our target group, middle-income households. Demand is extemely high and there is no sign that this will abate anytime soon, given the urbanisation trend and the projected growth in the number households. We believe that it is our responsibility to play an active role in addressing the issue of affordability, for example by voluntarily capping the annual rent increase in the past two years. We also identified regulated mid-market segment as a new investment category. We expect continued high demand from tenants and increasing housing prices, which may result in new regulations, imposed by national and local governments.

With regards to climate change and the sustainability of our portfolio, we focus both on climate mitigation and adaptation. In 2020, we will complete the identified improvements to our portfolio in accordance with our 2016-2020 goals, and start our new round of sustainability investments to achieve a 99% green portfolio in 2024. This year we will also draw up a roadmap on how we plan to make additional improvements to our portfolio in line with the Paris Agreement and the Dutch government's climate agreement.

We will also develop a model to gain more insight into the physical climate risks for our portfolio and use these insights to develop a policy to evaluate new acquisitions and help us to mitigate and/or reduce the risks to our existing portfolio.

Acquisitions and property sales
The investment market for high-quality residential products remains tight. Supply is limited and making projects feasible getting them to the start of construction stage remains challenging due to high construction costs, high land costs, high quality and sustainability requirements, rental regulations and limited capacity in the sector. The strong demand and limited supply at high prices is putting pressure on affordability and is fueling the public debate on rent control measures, such as caps on initial rents and rental growth.

Increased regulation is a risk for Vesteda's existing portfolio. For new acquisitions, it might also be an opportunity. Vesteda has conditionally adopted regulated mid-market residential product as a new investment category. When we can price in rent control measures, we can service middle-income tenants more effectively with an affordable product, while we retain long-term reversionary potential after the restrictive period (as many rental restrictions are for a limited period).

We are planning to add approximately 1,100 new homes to our pipeline in 2020. We aim to acquire value growth propositions and we never compromise on quality, in terms of product, return and affordability.

We also continue to actively explore and work on redevelopment opportunities within our existing portfolio, geared towards combining densification with renewal and improvements to the sustainability of our existing portfolio. We take a disciplined approach to development risk. That said, we do explore investment opportunities earlier in the development process on a case by case basis, as this increases our influence on the quality and pricing of the developed product. This has also proven to give us a competitive advantage in the acquisition process.

After a substantial divestment programme in 2018 and 2019, we do not foresee any substantial divestment programmes for 2020.

Participants
Vesteda strives to provide its participants with good returns, transparency and service. Participant satisfaction is one of our key performance indicators. We seek to continuously improve the dialogue with all our participants, and invest in establishing relationships with potential new participants.

A topic that has gained in importance in recent years is socially responsible investing. This prompted Vesteda to set ourselves clear and ambitious CSSR targets, including a target for the GRESB benchmark score. Investors are also embracing other goals and initiatives, such as the United Nation's Sustainable Development Goals (UN SDGs) and the United Nation's Principles for Responsible Investment (UN PRIs). For more information, please see the CSSR section of this report.

Funding
We will continue with our strategy of diversifying our funding sources and improving the maturity profile, while maintaining a low leverage, a relatively low cost of debt, while at the same time making our funding more sustainable. The introduction of the Euro Commercial Paper programme helped to reduce the cost of debt, as this programme allows Vesteda to fund at a negative rate. We extended the RCF by one year and incorporated a swingline loan. This helped to improve the maturity profile and increases the flexibility of the facility. In 2020, we would like to extend the RCF by another year, making use of the second extension option.

The next bond issue is expected in 2021. This will probably be a green bond or possibly a sustainable bond. For 2020, we expect to arrange another private placement, of around €100 million. We will also review our other existing finance arrangements and investigate whether we should change these into green or sustainable financing facilities. We will also look into other finance opportunities, with a view to further diversifying our funding and to make use of the current low interest environment.

Organisation & staff
The year 2020 will be focused on insourcing of property management activities of the former Delta Lloyd portfolio, digitalization of the rental and property management process and replacement of our existing outdated IT systems with an off-the-shelf ERP system. Attracting and retaining high quality employees who are capable of serving our tenants is therefore key. Further HPO programme activities will be carried out to elevate and ultimately outperform in terms of quality of management and employees, long-term focus, continuing improvements and innovation, openness and speed of action.

Corporate Sustainability and Social Responsibility
To increase our ESG and health and well-being performance, we are aiming for another GRESB 5-star rating, which would put us among the best 20% of investors globally. We have invested heavily in the sustainability of our portfolio to comply with the Dutch government's Energy Agreement in 2020. We expect to be able to improve most of our properties with a D, E, F and G label by 2020, with a few large projects that will be executed in 2021. From 2020 onwards, we will continue to improve the sustainability of our portfolio and we have set new goals towards 2024 accordingly. We will increase our knowledge of the future transition from natural gas and perform pilot studies on a limited scale.

Report of the Supervisory Committee

Chairman's Statement

Before I start the review of 2019, I would like to address the outbreak of the coronavirus (COVID-19), starting late 2019 in China and today still spreading around the world. To contain the virus and to prevent further spreading, governments across the globe are taking extreme but unavoidable measures and, in this line, Vesteda has also taken measures regarding the operational activities of the company. It is clear that the impact on the Global and Dutch economy will be severe, but at this point (18 March 2020) it is too early to determine the exact impact for Vesteda. The Management Board and the Supervisory Committee will closely monitor the development of this crisis and take additional measures if needed, prioritising the health and safety of the tenants and employees.

The year 2019 started with the fund's first liquidity review date, a moment meant for the participants to review the future strategy and objectives of the Fund and to decide if they would like to redeem all or a portion of their participation rights. The Supervisory Committee was pleased that no participant chose to redeem participation rights during the liquidity review period, which is a testament of their trust in Vesteda. During the year, several participation rights transactions took place, both between existing participants as with new participants. Vesteda welcomed three new participants to the fund last year.

As part of its ongoing portfolio management, Vesteda continuously assesses its portfolio and identifies assets that are deemed to no longer fit Vesteda's overall portfolio. As part of this, Vesteda sold two portfolios comprised of "non-core" assets. By divesting these portfolios and investing in new attractive projects with growth potential, Vesteda was able to improve the composition of its portfolio. Furthermore, the acquisitions team worked hard on expanding Vesteda's pipeline. The Dutch housing market and the mid-rental market in particular are facing serious challenges in this respect. Nevertheless, Vesteda managed to acquire several interesting projects, some of which, such as The Ox in Amsterdam and Willemsbuiten in Tilburg, were approved by the Supervisory Committee due to the transaction size. In addition to acquiring new projects, Vesteda also invested in its existing portfolio. In this respect, the Supervisory Committee approved a renovation and sustainability project in Rijswijk.

Vesteda's commitment to its sustainability goals was underpinned by Vesteda achieving five stars in the GRESB benchmark. In doing so, Vesteda is part of the top 20% of most sustainable funds worldwide. In addition, Vesteda obtained its first WELL certificate for project "Aan de Rijn" in Arnhem, making it the first building worldwide that has been certified whilst inhabited. These are great results and the Supervisory Committee is looking forward to further sustainability achievements in the years to come.

Many employees of Vesteda were involved in the preparations of the implementation of the new ERP system. The Supervisory Committee monitored the developments in the project and the impact on the organisation throughout the year. Unfortunately, despite the hard work of all involved, management decided to postpone the go-live date as the system did not yet fulfil the requirements to guarantee a successful implementation. This was a hard decision and has required resilience from the Vesteda employees.

Vesteda's aim is to have a robust and well-diversified, flexible funding structure. Vesteda took important steps in 2019 towards this goal. Vesteda extended its revolving credit facility, pre-hedged its interest rate risk and issued a euro commercial paper. The notable highlight this year on funding level was the issuance of a €500 million Euro green bond. Vesteda was the first residential real estate investor to issue a green bond and will use the proceeds to make its homes more sustainable, for the financing of its acquisition pipeline, as well as refinancing its funding.

At Supervisory Committee level, the participants unanimously appointed two new members, Mr. Eysink and Mrs. Klein Schiphorst. The Supervisory Committee is of the opinion that they will make a meaningful contribution to the Supervisory Committee. Mrs. Van den Herik and Mr. Copier were re-appointed for a period of four years. With these appointments, the Supervisory Committee is at full strength at present.

I would like to conclude by thanking John de Die and Peter Kok, former members of the Supervisory Committee, for their eight years of service to Vesteda. Furthermore, I am grateful to my fellow Supervisory Committee members for their hard work and dedication in 2019. On behalf of us all, I would also like to thank the company's Management Board, Management Team and all other Vesteda employees for making 2019 another successful year to remember.

Jaap Blokhuis, Chairman of the Supervisory Committee

Supervisory Committee

Focal Points

The main task of the Supervisory Committee is to supervise the management carried out by the manager and the general course of the fund's business, as described in more detail in the Corporate governance and Risk management sections of this report.

In exercising its duties in 2019, the Supervisory Committee and its separate committees placed particular emphasis on the following topics:

- The liquidity review date
- The sale of two portfolios
- The funding and issuance of a Green Bond
- The implementation of a new ERP system

The abovementioned topics will be set out below in more detail, together with additional matters addressed by the Supervisory Committee during the course of the year.

Meetings and Attendance Record

The Supervisory Committee comprises Mr. Blokhuis (Chairman), Mr. Copier, Mrs. Van den Herik, Mr. Eysink and Mrs. Klein Schiphorst, all of whom are deemed independent in the sense described in the Supervisory Committee's by-laws.

In 2019, the Supervisory Committee met 12 times, 8 times in person and 4 times via conference call. The Management Board and (members of) the Management Team attended most of these meetings. The Supervisory Committee met 1 time in the absence of the Management Board, among other things to discuss the recruitment process of the new members of the Supervisory Committee. In addition, the Supervisory Committee met in the absence of the Management Board ahead of regular scheduled meetings and with the Works Council.

Below you will find an overview of the attendance record per member of the Supervisory Committee [3] :

Overview of attendance record Supervisory Committee

	Supervisory Committee	Audit Committee	Nomination & Remuneration Committee
Jaap Blokhuis	12/12	4/4	n.a.
Hans Copier	11/12	2/3	4/4
Seada van den Herik	9/12	n.a.	4/4
Theo Eysink (start of tenure 1 May)	6/8	5/5	n.a.
Eva Klein Schiphorst (start of tenure 17 October)	1/1	n.a.	1/1
John de Die (end of tenure 1 April)	3/3	2/2	n.a.
Peter Kok (end of tenure 1 July)	4/7	n.a.	n.a.

The activities of the Supervisory Committee and its separate committees in 2019 are summarised in the following schedule:

Supervisory Committee activities 2019 (including committees)

Q1	Q2	Q3	Q4
• Appointment new Supervisory Committee member	• Amendment Terms & Conditions	• Amendment Terms & Conditions	• Amendment Terms & Conditions
• Compliance, Risk and Internal Audit	• Compliance, Risk and Internal Audit	• Audit plan external auditor	• Business plan 2020-2024
• ERP project	• Composition of committees	• Compliance, Risk and Internal Audit	• Compliance, Risk and Internal Audit
• Extension RCF & pre-hedge interest rate swap	• ERP project	• ERP project	• ERP project
• Financial statements, annual report and allocation of net income 2018	• Evaluation of acquisition Delta Lloyd portfolio	• Evaluation and re-appointment auditor	• Evaluation project Leidsche Rijn Centrum
• Impact IFRS 16	• Green Bond	• Litigation	• Investment proposals
• Investment proposal	• Impact IFRS 16	• Q2 2019 report	• Litigation
• Liquidity review process	• Information security policy	• Sale of two portfolios	• New job evaluation method Korn Ferry
• Merger Custodian entities	• Investment proposals	• Succession planning	• Q3 2019 report
• Operational Due Diligence participant	• Q1 2019 report		• Re-appointment Supervisory Committee members
• Q4 2018 report	• Sale of two portfolios		• Selection and appointment new Supervisory Committee member
• Report external auditor 2018	• Selection and appointment new Supervisory Committee member		
• Sale of two portfolios	• Selection new Supervisory Committee member		
• Targets and bonus Management Board and Management Team	• SMBC facility		

You will find additional information on the role and functioning of the Supervisory Committee and its committees in the Corporate Governance section of this report.

3 Attendance is expressed as the number of meetings (including conference calls) attended out of the number of meetings the members were eligible to attend. For the non-attended meetings power of attorneys were provided.

The liquidity review date

The first quarter of 2019 started with the fund's first liquidity review date. Ahead of the liquidity review date, management had various discussions with participants on this topic. The liquidity review date triggers the mechanism by which participants are given the opportunity to reevaluate their respective participations in the fund and to indicate if and to what extent they would like to redeem all or a portion of their participation rights or increase the number of their participation rights. Based on the conversation with participants, management assessed that it would be likely no participant would submit a redemption request in accordance with the liquidity review process.

During the liquidity period, the fund is not allowed to, amongst others, make new investments or deleverage until the participation rights have been redeemed. As this could hamper Vesteda's ongoing investment activities at the time, the manager, in deliberation with the Supervisory Committee, proposed to the participants to shorten the liquidity review period. During the extraordinary meeting in January, the participants all voted in favor of this proposal. As a result, the liquidity review process was completed in February 2019. The Supervisory Committee closely followed all developments during the liquidity review process and was pleased with the result. The participants' unanimous support for this proposal was a great success for management and the result of excellent preparation.

The sale of two portfolios

At the end of 2018, Vesteda informed its participants that it was planning to sell a substantial portfolio of non-core assets in order to improve the quality of the overall portfolio, while using current market momentum. The Supervisory Committee was presented with a divestment proposal and discussed the composition of the portfolio and the rationale for the transaction. With the support of the Supervisory Committee, management decided to split the portfolio in two portfolios, a large portfolio comprising of complexes and a small portfolio comprising of scattered property, in order to optimize the match between the composition of each portfolio and the target buyer groups.

Both sales required the approval of the Supervisory Committee and the sale of the large portfolio required participants' approval too. Prior to the extraordinary general meeting of participants, a number of participants asked questions regarding the transaction and the distribution of proceeds. These questions were discussed with management and the Chairman of the Supervisory Committee and the answers to the questions were sent to all the participants via a Q&A document. The participants gave their unanimous support for the proposed divestment.

Funding and issuance of a Green Bond

In the Audit Committee of November 2018, the hedging strategies towards refinancing the €300 million bond that matured in July 2019 were discussed. It was, in consultation with the Audit Committee, concluded that it was not the right time to enter into a hedge agreement. It was agreed that the treasury department would monitor the development of interest rates. In the beginning of 2019, the developments in the financial markets provided an opportunity due to a steep decline of the mid-swap rate.

In consultation with the Audit Committee it was decided that it was the right time to refinance the maturing bond with a €500 million Green Bond. After positive recommendations from the Audit Committee, the Supervisory Committee approved the issuance of the Green Bond. Vesteda managed to successfully issue its inaugural green bond. This is the second benchmark size bond under Vesteda's €2.5 billion EMTN programme and the first EUR green bond by a residential fund. The €500 million bond has a term of 8 years and a coupon of 1.5%. The bond was more than 6 times oversubscribed, evidencing the financial markets' trust in Vesteda's proposition.

Implementation of a new ERP system

In 2017, the Supervisory Committee approved the investment in a new ERP system. This ERP system is aimed at optimising and aligning internal processes, resulting in more efficient asset management and reporting. In our 2018 report, we indicated that the go-live phase would be due later in 2019. In 2019, the Vesteda organisation dedicated considerable time and attention to the preparations for this implementation. Throughout the year, the Audit Committee closely monitored the preparations for the implementation of the new ERP system. One of the Supervisory Committee members had a half day on site review on the ERP project, systems, team and progress. By performing test rounds of the new ERP system, management concluded that there were too many instabilities in the system to ensure a smooth go-live. The Supervisory Committee understands the considerations of management in this respect and has emphasized the importance of a controlled implementation process.

Finance and reporting

In early 2019, the Supervisory Committee discussed the preliminary results for 2018 and audit matters with Deloitte. The auditor indicated that a number of topics had been added to the audit report, such as a further explanation of the materiality thresholds and the use of data analytics. The 2018 financial statements and the 2018 annual report were discussed in the presence of Vesteda's auditor who indicated that the audit process with Vesteda went well. The impact of the implementation of IFRS 16 was discussed extensively with both the Audit Committee and the Supervisory Committee.

The Supervisory Committee discussed the fund's performance versus the budget on a quarterly basis. The overall trend was outperformance on most line items compared to 2018 and the budget. The interest expenses overall were lower than budgeted due to the successful execution of a commercial paper programme and the green bond. The development of the management expenses reflected the additional costs related to the postponement of the go-live of the ERP system. The possibilities to switch to perpetual leasehold in Amsterdam was a recurring subject during the Supervisory Committee meetings and the Audit Committee meetings.

Organisation

With the departure of the Supervisory Committee members Mr. de Die and Mr. Kok, the Supervisory Committee, with the help of an executive search agency, selected suitable candidates. In the selection process the Supervisory Committee focussed on both quality of the candidates and the diversity and overall composition of the team. As a result, the Supervisory Committee submitted a proposal to the participants to appoint Mr. Eysink and Mrs. Klein Schiphorst as new members. The participants voted unanimously in favour of the respective appointments; Mr. Eysink and Mrs. Klein Schiphorst were appointed as member of the Supervisory Committee, respectively in May and October 2019. Pursuant to these appointments, the Supervisory Committee amended the composition of its committees.

As part of their introduction, Mr. Eysink and Mrs. Klein Schiphorst were provided with background information on Vesteda, its structure, operations and terms, and followed an introduction programme, which included meetings with executives and other staff members to learn about Vesteda and its specifics. Mr. Eysink and Mrs. Klein Schiphorst were also invited to visit the Vesteda office in Amersfoort. There they had a viewing at the complex 'Zicht op Amersfoort' and a guided tour at sustainability project Schuilenburg in Amersfoort.

One of the Supervisory Committee's recurring tasks is determining the bonuses of the Management Board and the Management Team and setting targets for the year ahead. In terms of the 2018 bonuses, the Supervisory Committee focused on ensuring a balanced remuneration for all relevant positions eligible for the bonus schemes. With regards to the targets of 2019, the Supervisory Committee decided to maintain the structure of 2018 for 2019, which links strongly to Vesteda's broad set of KPIs as set out in the Business Plan and gives the Supervisory Committee more discretion in assessing qualitative targets.

In light of Vesteda's goal to become a High Performance Organisation, Vesteda's management initiated in 2019 a management development programme. The aim of this programme is to increase collaboration between managers and teams and help create a culture in which Vesteda's employees embody their core values and learn how to achieve their own team's full potential. This programme was completed in November 2019.

In light of its 'permanent education', the Supervisory Committee met off-site with the Management Team, focusing on project development, climate change, disruption and PropTech.

Given the material changes in the composition of the Supervisory Committee, it was decided to not execute a self-assessment in the year under review. Instead, the committee had a work-session on the individual members' personalities, professional drives and their way of cooperation in the committees aiming at a smooth onboarding of the new Supervisory Committee members.

Miscellaneous

The members of the Supervisory Committee held meetings in absence of management, including meetings with the internal auditor and the external auditor. On various occasions, individual members of the Supervisory Committee met with senior officers of Vesteda to gain information on current matters.

The Supervisory Committee approved several investment proposals, such as The Ox in Amsterdam, Westerwal in Groningen and Frank is een Binck in The Hague, and discussed a number of proposed investments in the pre-approval phase. In light of these proposals, the Supervisory Committee discussed the impact of rental regulations on investment propositions and the expected IRR of such investments. This discussion also took place with the fund's participants. In addition, the Supervisory Committee looked closely at how sustainability investments are incorporated in the financial models.

The Supervisory Committee periodically discussed matters related to the fund's investor relations. In view of this, the Supervisory Committee joined the informal Annual Participants' Day, which was attended by a large number of representatives of the fund's participants.

Vesteda participated in an extensive Operational Due Diligence at the request of two participants. The Internal Auditor shared the outcome of the report with the Audit Committee and the Supervisory Committee. This report highlighted that the participants consider the checks and balances at Vesteda to be very important. The report also included some recommendations, which the Management Team took in consideration. The Supervisory Committee will continue to closely monitor this aspect of the fund.

The Supervisory Committee took note of Vesteda's press coverage throughout the year, in relation to the ongoing discussion of the Dutch mid-rental market, as well as maintenance issues in the portfolio, and was informed by management of actions taken.

Overall, the Supervisory Committee and the Management Board worked well together in 2019. Information was provided in a timely fashion and was clear and sufficient enough for the Supervisory Committee to perform its duties. The Supervisory Committee had no reason for audits or investigations.

Audit Committee

The Audit Committee consists of Mr. Eysink (Chairman) and Mr. Copier. Mr. Blokhuis was part of the committee until November 2019. The Committee met seven times in the year under review.

The Audit Committee discussed in detail the periodic statements and the 2018 annual financial statements and annual report in the presence of the CEO, CFO and external auditor. The Audit Committee discussed the audit process, preliminary and key audit findings and principal assumptions, judgments and valuations, and the external auditor reported its preliminary and final audit findings. Overall, the audit process went well and no material findings were reported. As part of the yearly audit process, the auditor presented the Audit Committee with its findings in light of the ISAE 3402 audit. Whilst there were some points of attention mentioned, the Audit Committee was pleased to learn that the auditor issued an unqualified statement in this respect.

The Audit Committee conducted extensive discussions on Vesteda's debt funding strategy, as set out in more detail in the Funding section of this report.

In addition, the Audit Committee discussed several funding subjects, such as:

- The extension of the Revolving Credit Facility;
- Pre-hedge interest rate swap;
- Green Bond: €500 million Euro Green Bond;
- Uncommitted SMBC facility.

The Audit Committee provided the Supervisory Committee with positive recommendations on all these projects.

The Audit Committee reviewed the fund's financial report on a quarterly basis. In doing so, the Audit Committee asked management to give full insight in the financials including and excluding the Delta Lloyd portfolio, which was acquired in 2018, in order to be able to monitor the development of Vesteda's day-to-day business.

The Audit Committee assessed the external auditor, Deloitte, and provided the Supervisory Committee with a positive recommendation to re-appoint Deloitte as auditor. The conclusions of the assessment were shared with the lead partner of Deloitte. Furthermore, the Audit Committee approved Deloitte's Audit Plan 2019, in which the implementation of the new ERP system was qualified as a substantial risk. The other focus areas are data migration, the implementation of IFRS 16, project The Ox and the sale of two portfolio's. Deloitte also announced a fraud awareness-course for the department Finance & Control, which took place in November. The Chairman of the Audit Committee met and spoke with the External Auditor on several occasions in the absence of the Management Board, in order to remain directly informed.

Management presented Vesteda's valuation cycle to the Audit Committee and a proposal to amend that cycle. The Audit Committee verified that the reasons for changing the valuation cycle were to optimize the process; the new scheme allows new appraisers to start with appraising a smaller part of the portfolio, which enhances quality. The Audit Committee also verified that the change would not impact the valuations or the valuation method.

The Audit Committee spent considerable time and attention to the ERP implementation project. On several occasions the scope and progress of the project was discussed. The subsequent postponement and financial impact were adequately addressed.

The CFO reported on a quarterly basis on risk management and the activities of the Risk Committee, particularly the assessment of IT security risk; as a result, Vesteda developed a new information security policy which was discussed with the Audit Committee. The Audit Committee was informed of the outcome of the annual update of the strategic risk assessment. Privacy is a recurring item on the Risk Committee agenda. The information security policy was finalised and adopted in the year under review, under supervision of the CFO, the Internal Auditor and the Digital & Innovation Manager.

The Audit Committee took note of various material internal audit investigations that took place during 2019, such as the quality assurance insourcing of the Delta Lloyd portfolio and the quality assurance of the service and heating costs. In executing its investigations the Internal Audit department also looked into behavioural components which can adversely affect the execution of control measures. The Audit Committee reviewed the conclusions and discussed follow-up actions with the Internal Auditor and management.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NR Committee") consists of Mrs. Van den Herik and Mrs. Klein Schiphorst. Mr. Copier was part of the committee until November 2019. The Committee met four times in the year under review.

At the beginning of the year, the NR Committee was engaged in the evaluation of Management's targets for 2018. It also worked closely with management to set the targets for the Management Board and Management Team for 2019, in line with the target structure that was set up in 2018. The achievement of the targets for 2019 was monitored throughout the year.

The CEO and HR manager periodically updated the NR Committee on their meetings with the Works Council and the NR Committee also met with de Works Council in person. For example about subjects as the formation positions in the newly opened Vesteda office in Heerhugowaard last year. HR discussed with both the NR Committee and the Works Council the proposal to introduce a new job evaluation method, as the current used method will no longer be supported. This new job evaluation method will be implemented in 2020 under the supervision of the NR Committee.

In every meeting the NR committee was presented with a compliance update, focusing on reported integrity incidents and follow up and compliance with regulatory requirements. In this respect, the NR Committee appreciates the fact that management reports openly about matters at hand.

At the request of the NR Committee, there was considerable attention for succession planning and for talent management during the NR Committee meetings. In the light of becoming a High Performance Organisation (HPO), the need to involve the company's managers more in getting to the next level was discussed. Management set up a development programme in 2019, which was attended by approximately 30 managers. During this programme, managers discussed various subjects and worked together on a vision for the new Business Plan.

Furthermore, the NR Committee was presented with a report from an external consultancy firm to provide a benchmark for the remuneration of management and senior staff. It concluded that the remuneration of almost all positions was in line with the Vesteda remuneration policy and with the benchmark, as was the case in 2018.

Meeting of Participants

Vesteda convened two regular Participants' Meetings in the year under review. These included the annual meeting in April, in which the financial statements and the annual report were discussed and adopted, and the execution of the Business Plan was evaluated. In the bi-annual meeting in December, the participants discussed and approved the Business Plan 2020. Furthermore, Vesteda convened four extraordinary Participants' Meetings. During these meetings the participants were asked for approval for several subjects, such as the previously outlined liquidity review date, the sale of a portfolio and (re-)appointments of members of the Supervisory Committee.

In addition, participants attended the annual informal Participants' Day in September, during which they were both informed of the company's plans and invited to provide input on several topics, such as the amendment of the fund's Terms and Conditions, affordability and regulation of the mid-rental market and the potential impact of climate change on Vesteda's portfolio.

Amsterdam, 18 March 2020

Supervisory Committee

Jaap Blokhuis, Chairman
Hans Copier
Seada van den Herik
Theo Eysink
Eva Klein Schiphorst

Corporate Sustainability and Social Responsibility

General

Vesteda sees Corporate Sustainability and Social Responsibility (CSSR) as vitally important for the long-term value development of our portfolio, our organisation as a whole and the society in which we operate. We believe that our efforts in the field of CSSR improve and strengthen Vesteda, both directly and indirectly, that they result in future-proof returns on our investments, and that they help us to create value for all our stakeholders. Our CSSR targets are an integral part of our business plan and are therefore firmly embedded in our business operations. Our sustainability program manager is responsible for the strategic planning and operations of our CSSR policies.

To shape our CSSR strategy, we use the three pillars of the ESG model: Environmental, Social and Governance. We have defined five strategic projects in the context of these pillars: Decrease resource consumption of tenants and common areas, Portfolio Sustainability Improvement, Engage Stakeholders, Implement Health & Well-being and Achieve a GRESB five-star rating.

Environmental – Improve sustainable performance

As a fund, we seek to constantly improve our performance in the field of sustainability. We believe that this helps us safeguard the attractiveness of the fund and optimise our long-term risk return ratio. Our objective is to reduce our consumption of energy and water, and cut CO_2 emissions as much as possible. We also aim to use materials that have no harmful effect on the environment, and we want to work with business partners who share our own high standards in terms of sustainability.

Strategic project: Portfolio Sustainability Improvement

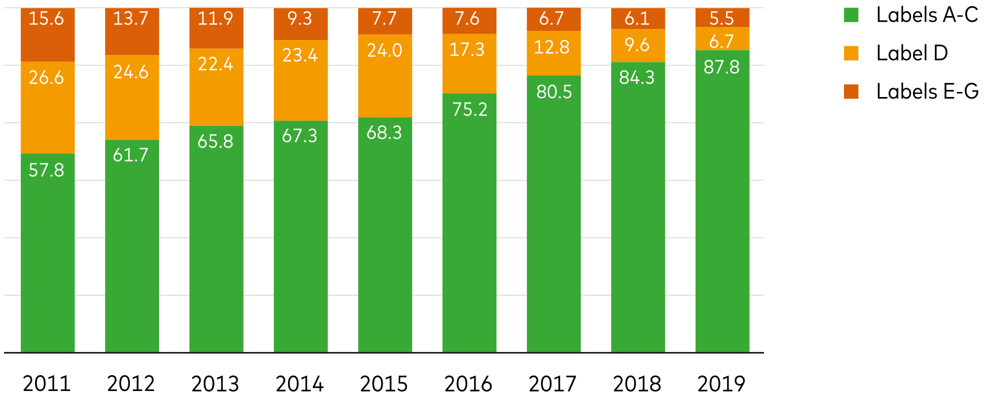
In 2015, Vesteda's participants approved a plan to improve the energy performance of Vesteda's buildings, with the ultimate aim of surpassing the agreements laid down in the Dutch government's Energy Agreement for 2020. In the meantime, we have raised our ambitions for the future and we aim to have a green energy label (A, B or C) for 99% of our portfolio by 2024. Technical state of innercity buildings as well as local government regulations make it nearly impossible to reach 100% green energy labels by 2024.

In 2019, we invested €9.2 million and improved the energy performance of 2,740 residential units. Since 2016, we have invested a total of €20.3 million on energy performance measures.

- The percentage of homes in our portfolio with a green energy label (A, B, or C) increased to 87.8% in 2019, from 84.3% in the prior year.
- The percentage of homes with a D label declined to 6.7%, from 9.6% the previous year.
- The percentage of homes with an E or worse energy label declined to 5.5%, from 6.1% the previous year.

Portfolio Strategy is responsible for the progress in and monitoring of our energy labels. The labels are updated according to energy-related measures and based on expiry dates (10 years). An overview is reported each quarter and reported to Operations. These reports are used to monitor if the progress we made during the quarter is in line with our targets for the year. Vesteda plans to use this investment to improve the energy labels of the homes in the portfolio that do not meet the Energy Agreement norms yet. This ambitious package of measures includes building insulation, the replacement of installations with energy-efficient variants and the generation of sustainable energy through the placement of solar panels. We will make these changes on a building by building basis and in phases through 2020.

Energy labels development 2011-2019 (%)



Overview of energy performance measures in 2019

In 2019, Vesteda introduced the following measures to improve the energy performance of the homes in our portfolio:

Measure (number of properties)	2019	2018	2017	2016	2015
High efficiency boilers	509	822	1,010	1,564	1,026
DC ventilators	19	1,670	481	731	364
High efficiency glazing	662	442	891	439	555
Roof insulation	141	24	-	273	-
Cavity-wall insulation	-	318	64	87	-
Under-floor insulation	-	92	23	21	1
LED lighting (complexes)	9	13	5	2	-
Solar panels (complexes)	19	2	2	3	-

In 2019, Vesteda installed 3,312 solar panels in a total of 19 complexes. At year-end 2019, the total number of solar panels in the Vesteda portfolio amounted to 8,505, generating approximately 2,3 million kWh annually.

Healthy and safe homes

Our aim is to provide our tenants with safe and healthy homes. Our tenants spend a fair amount of time in their home and we would like them to feel at home. A healthy and safe home is equally important as a pleasant home and living environment. This implies that our homes are free of high-risk asbestos, that central heating boilers are checked regularly, lifts are checked regularly, that combined heat and power installations are provided with new filters, if necessary, and that risk maps have been drawn up for every residential building. Although these measures are of a more technical nature, their impact can have a positive influence on the lives and well-being of our tenants. In addition, we educate our tenants, on for example how they can prevent legionella or how they can prevent burglaries. To ensure the health and safety of our homes as effectively as possible we have taken a number of precautionary measures which are monitored or executed by our operations department. These measures are described below.

Asbestos

Up until 1994, the use of materials containing asbestos was common in the construction industry. Despite the fact that there is no legal obligation for asbestos-related inspections, beyond roofs and in the event of any plans for demolition or renovation work, Vesteda plans to conduct asbestos inspections at all the properties in its portfolio that have not already been inspected. If any asbestos is found during these inspections, Vesteda will take appropriate action, including potential clean-ups and providing information for tenants and third parties.

Asbestos inspections

(% of total complexes)	Status at year-end 2019	Status at year-end 2018
No inspection necessary based on construction year	40%	39%
Inspected	52%	52%
To be inspected	8%	10%

Central heating installations
Timely maintenance is of high importance to use, also from a preventive point of view, to insure that all our individual central heating installations work properly and are safe. We aim to inspect all central heating installations once every two years. For the open combustion devices we strive for an inspection every 18 months.

In 2019 we discontinued our collaboration with one of our inspection partners due to insufficient quality. Therefore, 63% of the central heating systems where inspected during the year. We contracted two new partners and the remaining heating systems will be inspected in 2020.

Combined heat and power installations
For the combined heat and power installations the same implies as above. Here, we also set our own goal to inspect the installations every two years and place new filters, if necessary. In 2019, due to the same reason as mentioned above only 47% of the installations were inspected. The remaining installations will be inspected in 2020.

Lifts
Legislation stipulates that lifts must be inspected and certified once every 18 months. Vesteda has a contract with a certified lift inspection firm, which conducts periodic inspections and issues inspection reports. In 2019, this firm inspected 286 lifts of which 278 (97%) were approved.

Vesteda engaged a Dutch specialist firm in the field of lift safety. This company tests the correct operation of the speak-listen connection in our lifts every three days. This means that if someone gets stuck in a lift, it is possible to reassure them and call in assistance to free them. In 2019, 224 lifts with speak-listen connection (100%) were inspected and tested.

Risk map
Vesteda uses an internal risk map to identify potential risks in our complexes. Each complex is assessed on the basis of this risk map at least once every three years. The subjects covered in this map include construction safety of facades, presence of asbestos, concrete gallery floors, Manta and/or Kwaaitaal concrete floors, presence of lead watersupply pipes, as well as fire safety. The completed risk map provides input for the residential complex policy plan and the related multi-year budget. With this information we can draw up budgets to handle risks in the future.

Fire safety
In 2018 and 2019, Vesteda had a total of 95 complexes surveyed for fire safety by an organisation specialised in building safety and regulations, based on the risks identified in the risk maps. We have incorporated the outcome of these surveys in the maintenance plans and the maintenance budgets for those complexes. This survey was additional to Vesteda's annual fire safety maintenance and checks. This include annual visual inspections of fire extinguishing equipment, water pipes and emergency lighting. On top of this, we pressure test the dry risers every five years. In 2019, we carried out 83% of the planned fire safety maintenance and checks. We plan on getting this number to 100% through more active monitoring.

Sustainability in the chain
Since 2016, we have asked all our largest suppliers to sign the IVBN sustainability declaration for suppliers. We use the term suppliers for parties that have a contract with our Operations department and that deliver goods and services that have an impact on one or more of our buildings. By signing the IVBN sustainability declaration, our suppliers endorse IVBN's vision on sustainability and corporate social responsibility and declare that they will act in accordance with same.

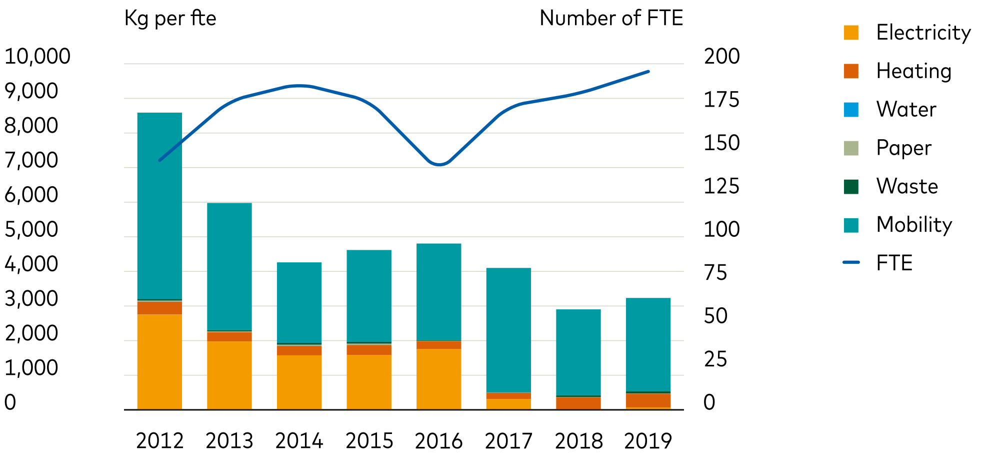
In 2019, Vesteda's decided to make the IVBN sustainability declaration an integral part of the tender process for new (master) service agreements. This led to a significant increase in the number of signed declarations. A total of 212 suppliers have so far signed the declaration. These suppliers represent more than 94.7% of the activities that our Operations department outsourced in 2019. Vesteda's goal was to achieve a minimum of 87%.

Now that we have embedded the sustainability declaration in our processes, the next step will be to improve our influence and impact. A first start is the rollout of a sustainability scan with questions on policies, targets and results. This results in a sustainability score per supplier. In case of underperformance, we will start a constructive dialogue to look for points of improvement. The sustainability scan will also be integrated in the monitoring and evaluation of our supplier partnerships. Our target for the future is to assess the sustainability performance of our key suppliers. In the longer term we want to encourage our suppliers to engage their suppliers on responsible production as well.

CO_2 footprint

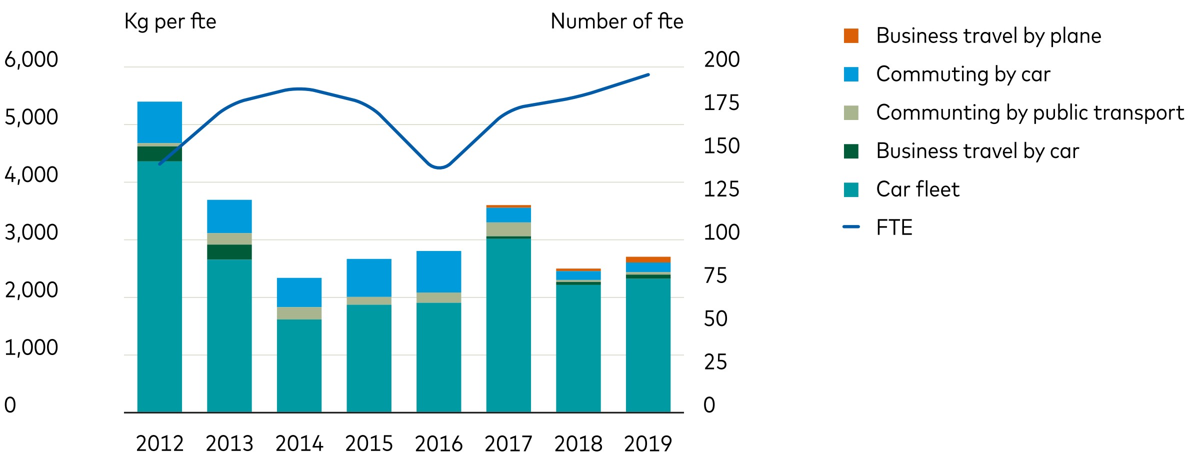
Vesteda aims to reduce it's CO_2 emissions of the organisation. In 2019, the total CO_2 footprint of our organisation was 630 tonnes of CO_2 and 3,225 Kg per FTE, an increase of 11% compared to 2018. This was mainly due to the recruitment of temporary staff for the implementation of the new ERP-system.

CO_2 emission per FTE



The CO_2 caused by mobility still accounts for the majority of our total CO_2 footprint. In 2019 the total CO_2 caused by mobility increased with 8%. The increase is mainly due to business trips by plane and the car fleet. In 2020 a plan will be introduced to reduce emissions by making our car fleet more sustainable. The figure below shows the transport-related CO_2 emissions between 2012 and 2019 per FTE.

Transport-related CO_2 emission per FTE (2012-2019)



Measuring & Managing Resource Consumption

Energy, GHG and water public areas

Our goal is to manage and reduce our use of resources (energy, water) and to reduce the production of greenhouse gases. In order to measure our use of resources, we initiated a project to install smart meters in the common areas of our buildings so that we can acquire data of the highest possible quality. In 2019, we increased the number of smart meters to 81%, from 78% in 2018. We have access to the data of these meters. This percentage includes buildings in which Vesteda is not the sole owner. These buildings are operated by residents associations (VVEs), which means that the association must approve the placement of these meters. We expect to increase the number of meters in 2020 once we have insourced the property management of the former Delta Lloyd portfolio. When meters are not measured automatically, Vesteda aims to convert them into a smart version, if possible.

We aim to structurally reduce the energy consumption in the common areas in our investment portfolio. We started this project in 2016. In 2019 our electricity use decreased by 5.2% compared to 2018. When compared to 2016 on a like-for-like basis we have managed to decrease our electricity use by 20.3%. Our natural gas consumption decreased by 7.1% compared to 2018 on a like-for-like basis. The natural gas consumption is mostly related to tenant consumption since our common areas are not heated. The results of 2019 versus 2018 are shown in the figure below. Changes in historic data occur based on new and better data availability and a changing portfolio.

	Absolute		Like-for-like		
	2019	**2018**	**2019**	**2018**	**Δ %**
Energy					
Total energy consumption (x 1,000 kWh)	6,602	9,254	5,466	5,764	*-5.2%*
Corresponding properties	155	163			
Percentage covered in portfolio	56%	59%			
Total heating consumption (x 1,000 GJ)	6	8	6	7	*-7.1%*
Corresponding properties	2	3			
Percentage covered in portfolio	67%	100%			
Total natural gas consumption (x 1,000 m3)	900	1,255	826	858	*-3.8%*
Corresponding properties	18	17			
Percentage covered in portfolio	62%	59%			
Greenhouse Gas					
Indirect greenhouse gas emissions - electricity (x 1,000 kg CO2)	512	1,656	883	1,109	*-20.4%*
Indirect greenhouse gas emissions - heating (x 1,000 kg CO2)	227	296	227	244	*-7.1%*
Direct greenhouse gas emissions - fuels (x 1,000 kg CO2)	1,700	2,372	1,560	1,621	*-3.8%*
Total greenhouse gas emissions (x 1,000 kg CO2)	2,440	4,325	2,670	2,975	*-10.3%*
Water					
Total water (x1,000 m3)	25	39	11	11	*-1.0%*
Corresponding properties	78	59			
Percentage covered in portfolio	28%	22%			

Note: Data that has significant deviations (materiality of 20%) and that cannot be validly explained is excluded from the consumption figures.

Social - Engaged stakeholders and a socially engaged organisation

We believe it is important to engage in sustainable relationships with our tenants, our participants and our other stakeholders. We communicate openly and transparently about our activities in the field of CSSR and consider it a part of our social responsibility to encourage and increase the awareness, engagement and responsibility of both our employees and our other stakeholders in the field of sustainability. In addition, as a fund we want to contribute to society in general and to the neighbourhoods where our properties are located in particular.

Strategic project: Stakeholder Engagement

In 2019, we launched various initiatives with and for our stakeholders:

- We launched an app called “smart living” to help our tenants create communities, increase awareness and to encourage the sustainable use of their homes.
- We organised several GoGreen events (DoeGroen dagen) in 2019. The purpose of the events was to strengthen the bond with our tenants, and to inspire both our tenants and our employees to go green. During these events, we distributed and planted garden plants, and worked jointly with our tenants to improve the public spaces via various gardening initiatives.
- We contributed to the Voedselbank food bank and hosted a dinner for refugees, under the umbrella of the Havendiner Foundation.
- We hosted a knowledge session with ‘Woonstad Rotterdam’, in which our peers learned from each other’s experiences, including experiences on the sustainability front.
- We participated in a governmental programme called ‘Proeftuin’, via one of our complexes that is located in an area that is set to be one of the first areas in the Netherlands to be disconnected from the natural gas grid.
- We started an initiative together with IKEA, giving our tenants the opportunity to pick up six LED lamps free of charge using a personalised voucher.

Strategic project: Health & Well-being

Our aim is to have a positive impact on the health and well-being of our tenants and employees. As part of our efforts on this front, last year we launched a number of initiatives:

- We implemented our vitality programme to stimulate the health and vitality of our employees.
- Our project ‘Aan de Rijn’ in Arnhem was awarded WELL certification, making it the first Well-certified residential building in Europe.
- Together with Arcadis, we conducted a scan of the flora and fauna in our portfolio. Together with our partner, the Dutch Society of the protection of Birds (Vogelbescherming), we want to stimulate the flora and fauna in our real estate portfolio.

Governance - Responsible business and transparent organisation

Our aim is to act and be perceived as a sustainable investment by our participants. We are open and transparent about our progress on our sustainability targets, and we strive to meet the highest possible standards in reporting on CSSR-related activities.

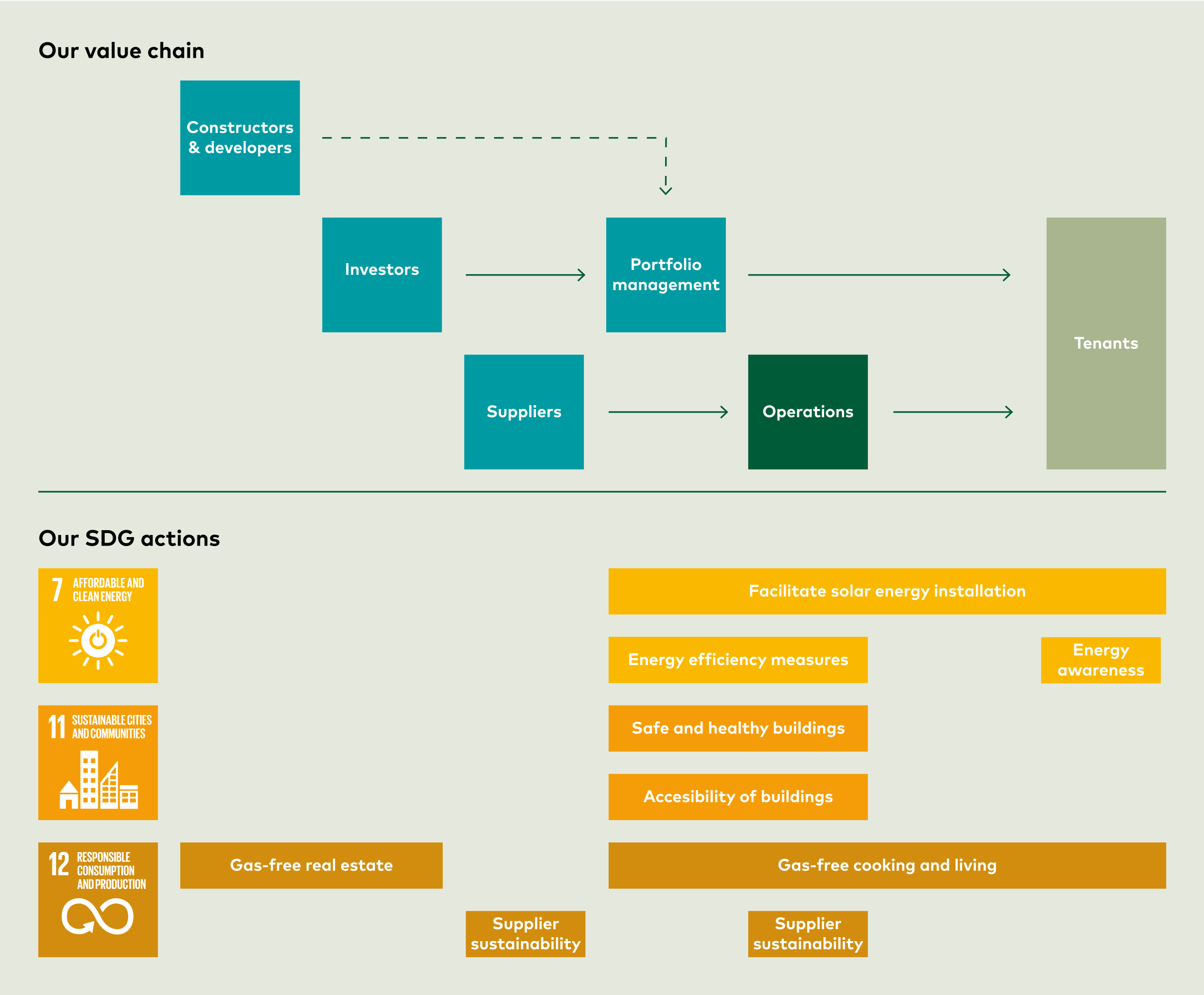
Our impact on the Sustainable Development Goals

In 2015, the United Nations adopted 17 Sustainable Development Goals (SDGs), defining global sustainable development priorities and aspirations for 2030. This common set of 17 goals and 169 sub-targets calls for worldwide action among governments, business and civil society to end poverty, ensure prosperity for all, and protect the planet. Vesteda has decided to embrace the UN's Sustainable Development Goals.

We conducted an analysis to determine which of the SDGs are the most relevant to our activities, based on what we do and our ambitions. We will incorporate these SDGs in our future policies and targets to realise the greatest positive impact on these goals.

We consider these SDGs to be the most relevant to our activities:

SDGs along our value chain
We have mapped our SDG actions along our value chain.



Global Reporting Initiative (GRI)
Since 2015, Vesteda has used the GRI-G4 standards to report on its CSSR policy in its annual report. In 2019, Vesteda once again reported on the basis of GRI Standards. For more information, please see the About this report section of this report.

GRESB
Since 2010, the Global Real Estate Sustainability Benchmark (GRESB) has provided a tool to compare the sustainability of property investment funds. GRESB is designed to identify the sustainability performance of the real estate sector and is now a widely-recognised and well-respected initiative. The environmental benchmark rates, environmental management practices and their implementation, making it possible to compare the ratings of different real estate investments with both their national peer group and the GRESB global average. Vesteda has been a part of the benchmark since its inception. Vesteda believes that GRESB is helping to increase transparency in terms of the sustainability of real estate funds. To contribute to the continued evolution of the benchmark, Vesteda joined GRESB as a member in 2013.

In 2019, Vesteda was awarded five out of five stars and became part of the global top 20% for its sustainability performance. Vesteda was ranked 3rd out of 16 in 2019, compared to 2nd out of 13 in 2018. Vesteda is committed to remaining a top player in the field of sustainability at a national level.

ESG breakdown GRESB 2019

	Vesteda	Peer group	GRESB average
Environment	79	68	65
Social	100	87	79
Governance	98	87	84
Overall	**87**	**76**	**72**

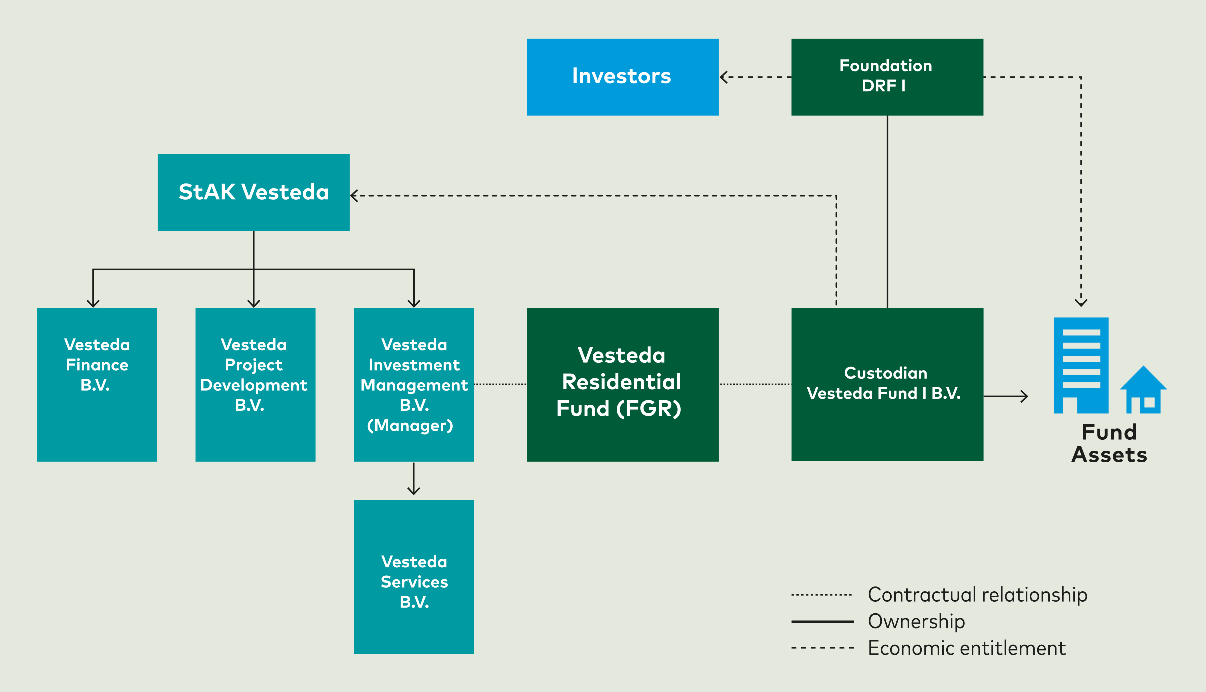
GRESB score 2019

Governance and risk management

Legal structure

Vesteda has the legal structure shown below.

Vesteda legal structure



Vesteda Residential Fund
Vesteda is a mutual fund for the joint account of the participants. Investors may join the fund by taking an interest in the fund. The fund is transparent for tax purposes. For this reason, participants can participate in Vesteda via an entity with its own legal and fiscal structure. Participants always join or exit the fund via a request to the fund manager: Vesteda Investment Management B.V. The rights and obligations of the manager, the Supervisory Committee and the participants are set out in the fund's Terms and Conditions.

StAK Vesteda
Participants' rights and obligations in respect of the fund manager, Vesteda Project Development B.V. and Vesteda Finance B.V., are exercised through Stichting Administratiekantoor Vesteda (StAK Vesteda). Participants are granted a power of attorney to attend and exercise voting rights in the general meeting of shareholders of these three companies by StAK Vesteda at their request.

Vesteda Investment Management B.V. (the manager)
The fund's Terms and Conditions instruct the manager to manage the fund under the conditions specified therein. The manager is responsible for day-to-day operations and implementation of the strategy. The Management Board and the staff are employed by the manager.

Vesteda Finance B.V., Vesteda Project Development B.V. and Vesteda Services B.V.
Vesteda Finance B.V. undertakes Vesteda's (unsecured) financing activities on behalf of the fund. Vesteda Project Development B.V. is responsible for development projects in the committed pipeline and certain selected acquisition projects. Vesteda Services B.V. will in the future act as an intra-group service provider.

Custodian
The custodian is the legal owner of the property of the fund, while the fund is the beneficial owner. The custodian acts in accordance with all instructions regarding the fund's assets given by the manager, and shall only be entitled to acquire, dispose of, transfer or otherwise deal with any fund assets on the instructions of the manager.

Corporate governance

Vesteda Residential Fund
Vesteda Residential Fund is a contractual investment fund as defined in section 1:1 of the Dutch Financial Supervision Act (FSA). It is an unlisted fund for the joint account of the participants. As such, the economic title to the fund assets is held by the participants pro rata to their participation rights. The purpose of the fund is to make investments, and in particular (but not limited to) to invest capital, indirectly or directly, in property mainly designated for residential purposes located in the Netherlands, for the account and at the risk of the participants. The strategy of the fund is further set out in the investment guidelines which form part of the fund's Terms and Conditions.

The Terms and Conditions of Vesteda Residential Fund govern the fund and they can only be amended by a resolution of the participants. They have entrusted the manager, Vesteda Investment Management B.V., with the management and operation of the fund. The manager carries out its task solely in the interests of the participants and within the boundaries described in the fund's Terms and Conditions. The manager, in its capacity as manager and operator of the fund, is subject to the supervision of the Dutch Financial Markets Authority (Autoriteit Financiële Markten - AFM) and the Dutch Central Bank (De Nederlandsche Bank - DNB). The manager obtained a licence to act as a manager of an alternative investment fund in accordance with article 2:67 of the FSA on 17 February 2014. The participation rights can only be acquired by professional investors as defined in section 1:1 of the FSA.

Participants
The participants do not take part in the operation of the fund or the management or control of its affairs and have no right or authority to bind the fund assets, or to vote on matters relating to the fund other than as set forth in or pursuant to the Terms and Conditions.

The manager convenes at least two participants' meetings each year. If a participant, or two or more participants jointly holding at least 10% of the total participation rights, deem(s) any additional meeting of participants necessary, the manager is required to convene such a meeting. Participants are entitled to cast a number of votes pro rata to their respective participation rights.

A participant may request that its participation rights be redeemed by the manager in accordance with the Terms and Conditions.

Subject to the retention of reserves as reasonably deemed necessary by the manager to meet the current and anticipated expenses of the fund, the realised result, excluding the result on property sales, shall be allocated for distribution to the participants pro rata to their respective participation rights.

Role
The participants are the beneficiaries of the fund and, as such, have a final say in material matters regarding the fund, as specified in the fund's Terms and Conditions.

Supervisory Committee

Composition and governance
The Supervisory Committee supervises how the manager executes its task, as well as the general course of the fund, on behalf of the participants in the fund. The Supervisory Committee has established rules regarding the processes and governance in its by-laws.

The Supervisory Committee shall have at least five members, with the exact number to be determined by the participants. At present, the Supervisory Committee comprises five members, who are listed in Annex 3 of this report.

The Supervisory Committee has an Audit Committee and a Nomination and Remuneration Committee, both of which are governed by by-laws. The Supervisory Committee shall meet as often as it deems necessary, but at least four times a year, to discuss the results of the fund, the quarterly unaudited financial statements and the valuation of the fund's portfolio.

The members of the Supervisory Committee are appointed, suspended and dismissed by the participants with due observance of any nominations made and a profile as set forth in the Terms and Conditions. They are appointed for a period of four years, which term may be extended once by four years. Each participant that individually holds and each group of two or more participants that jointly holds at least 25% of the participation rights is entitled to nominate one member of the Supervisory Committee. The fund strives to achieve the best possible balance among its members in terms of gender, expertise and experience in the fields of management, compliance, risk management, financial reporting, funding, real estate and real estate funds.

All resolutions of the Supervisory Committee are adopted by a simple majority. Each member of the Supervisory Committee is entitled to one vote. In the event of a tied vote, the resolution at issue will be rejected. The Supervisory Committee may also pass resolutions in writing. A member of the Supervisory Committee will not participate in deliberations or decision-making within the Supervisory Committee, if they have a direct or indirect personal interest in the matter in question that conflicts with the interests of the joint participants.

Role

The Supervisory Committee supervises the policies and functioning of the manager and the general affairs of the fund. The manager is responsible for involving and informing the Supervisory Committee, ensuring that the fund is supervised in an optimal manner. The manager holds regular consultations, both formally and informally, with the Supervisory Committee and its sub-committees on the strategy and policies of Vesteda as a whole. By attending these meetings, the members of the Supervisory Committee have ample opportunities to interact with Vesteda's executives. In addition, the members of the Supervisory Committee have individual meetings with Vesteda executives on an ad-hoc basis.

Remuneration of Supervisory Committee members

For the remuneration of the Supervisory Committee, please see Note 30 in the section Notes to the consolidated financial statements.

The manager and its Management Board

Composition and governance

The Terms and Conditions entrust the manager with the management and operation of the fund. The manager is a private company with limited liability, incorporated and existing under the laws of the Netherlands. As such, the manager has a Management Board, which in 2019 comprised two managing directors, the CEO and the CFO. The managing directors have the responsibilities and liabilities that derive from the Dutch Civil Code and other related legislation and the company's articles of association. The two directors acting jointly may represent the manager.

Managing directors will be appointed, dismissed or suspended in accordance with the articles of association of the manager and the Terms and Conditions.

The Management Board is supported by a Management Team, comprised of the director Operations, and the director Acquisitions.

Role

The manager has been appointed as manager of the fund and is responsible for ensuring that the fund is always managed and operated, and that the fund assets are always managed, on a discretionary basis, in accordance with the Terms and Conditions and with due observance of the Investment Guidelines, the business plan and, on a best effort basis, the INREV Guidelines and the Dutch Corporate Governance Code (the latter to the extent applicable and practical in respect of the fund).

The manager shall, subject where relevant to the Terms and Conditions, the business plan, any finance documentation and the prior approval of the Supervisory Committee or participants, carry out the following tasks, including:

a. establish and implement the Investment Guidelines and the business plan;
b. identify, evaluate and negotiate investment opportunities, to (or to agree to) purchase or otherwise acquire, alone or together with others (in a syndicate), investments within the scope of the Investment Guidelines and the business plan;
c. sell, exchange or otherwise dispose of and refinance investments within the scope of the Investment Guidelines and the business plan.

In light of the above, the manager may enter into such legally binding agreements or other arrangements as the manager may, at its sole discretion, determine in respect of any investments and divestments by the fund, to the extent permitted under the Investment Guidelines, the business plan and the Terms and Conditions. A Management Board member shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he or she has a conflict of interest with the joint participants. All costs incurred by the manager in its capacity as manager of the fund, all normal operating expenses incidental to the day-to-day management of the manager in its capacity as manager of the fund, including its own overheads, any costs relating to outsourcing and the Supervisory Committee, fees payable to its members and the reimbursement of any reasonable costs incurred by members of the Supervisory Committee are reimbursed out of the fund assets.

In the Manager Rules, the manager and the Supervisory Committee have established rules regarding decision-making processes and the working methods of the manager.

Remuneration

The employment contracts of members of the Management Board include provisions related to severance pay. The amount of the severance pay as laid down in these contracts has been maximised at one year's fixed salary, in line with the Dutch Corporate Governance Code. The total remuneration of the Management Board comprises the base salary, the variable bonus, pension expenses and other employer charges. For a detailed overview of the remuneration of the Management Board, please see Note 29 in the section Notes to the consolidated financial statements.

Custodian

In 2019, Vesteda's five custodian companies merged into one company. The duty of the custodian is to act as the legal owner of fund assets and acquire legal title of such fund assets for safekeeping for the account and at the risk of the participants. The custodian will always acquire assets for the purpose of management and custody (ten titel van beheer) on behalf of the participants and will only act in the interest of the participants and shall not acquire assets or assume any obligations for its own account and risk or for the account and risk of third parties (other than the participants) and shall not carry out any business and will not be involved in any other activity that may cause it to incur liabilities that are not directly related to the fund. The custodian shall act in accordance with all instructions regarding the fund assets given by the manager, and shall only be entitled to acquire, dispose of, transfer or otherwise deal with any fund assets on the instructions of the manager. To safeguard this, the Management Board of the custodian comprises the manager only.

Depositary

The manager has appointed Intertrust Depositary Services B.V. to act as depositary for the fund and has concluded a depositary services agreement with the depositary for the benefit of the fund and the participants in accordance with article 4:37f of the FSA. The depositary is responsible for the supervision of certain aspects of the fund's business in accordance with applicable law and the depositary services agreement.

Dutch Corporate Governance Code

All listed companies with a statutory seat in the Netherlands are legally obliged to comply with the Dutch Corporate Governance Code (the "Code"), in accordance with the 'apply or explain' principle. As neither Vesteda Residential Fund nor the manager is a listed company, it is not mandatory for the fund or the manager to apply the Code. Nevertheless, the Management Board and the Supervisory Committee endorse the Code in all material aspects, to the extent applicable and practical in respect of the fund.

Compliance and Integrity

The role of compliance in the organisation

Compliance and integrity are closely related. Both acting with integrity and complying with applicable rules and regulations safeguard Vesteda's reputation and the reputation of the industry we operate in. For Vesteda, it is not enough to simply abide by laws and regulations; integrity should be ingrained in day-to-day business and decision-making processes.

In order to ensure that compliance and integrity are and remain on top of mind in Vesteda's business activities, Vesteda has appointed a Compliance Officer. The role of the Compliance Officer is formally defined and embedded in Vesteda's compliance charter. The Compliance Officer reports periodically to the Management Board and the Supervisory Committee, while reporting functionally to the General Counsel and has a direct line to the CFO and the Supervisory Committee. During the second half of 2019, the position of the dedicated Compliance Officer was vacant and the General Counsel took over the main tasks on a temporary basis. The position has been filled as per 1 March 2020.

The compliance function fits into Vesteda's 'three lines of defense' model. This model helps to strengthen a) the risk-aware culture within Vesteda, b) the assumption of responsibility for the management of risks and c) internal controls. The first line of defense is formed by the business; the compliance function is part of the second line of defense and operates independently from the business. The third line of defense is formed by the Internal Audit function that periodically assesses the effectiveness of Vesteda's internal control framework, which includes compliance.

The Compliance Officer's tasks include the identification, evaluation, monitoring and reporting and advising on compliance risks within the organisation. The Compliance Officer is part of the Risk Committee and discusses incidents, trends and developments that (could) have an impact on Vesteda's corporate integrity and is the first point of contact for integrity reports within the organisation. He operates at both a strategic level, advising the Management Board and management, and on an operational level, advising the business on day-to-day compliance matters.

The Compliance Officer focuses on the areas detailed in the schedule below.

Focal points in scope of compliance function

Subject	Brief description
Market	This covers risks related to the non-compliance with laws and regulations, such as the Alternative Investment Fund Managers Directive, Dutch Financial Supervision Act and the General Data Protection Regulation.
Employees	This covers risks related to the non-compliance with the internal code of conduct and related policies.
Business conduct	This covers risks related to non-compliance with rules related to: - outsourcing - competition - anti-bribery
Clients	This covers counterparty risks and screening of tenants and parties Vesteda does business with.

Vesteda's view on compliance and integrity

We strive to ensure integrity on all fronts. Vesteda employees sign a code of conduct and Vesteda has an internal reporting scheme, including anonymous reporting via a SpeakUp line, to report (suspected) compliance and integrity incidents. The Compliance Officer reminds employees of this code and the reporting scheme on an annual basis and employees are asked to confirm that they are aware of the code and the scheme and that they will comply.

The Compliance Officer keeps a register of all reported incidents. When an incident is reported, the Compliance Officer evaluates whether the reported incident should be classified as "material" or not. This would be the case when a) there is a considerable risk of a regulatory fine or sanction, or b) the relationship with key stakeholders could be adversely affected in a serious manner or c) it could result in substantial reputational damage.

Key performance indicators in respect of integrity are:

a. Number of incidents reported to the Compliance Officer. In this respect, Vesteda explicitly does not strive to have zero incidents reported and in addition, employees are encouraged to speak up to colleagues and management before formally reporting an incident to the Compliance Officer. Vesteda is of the opinion that the reporting of incidents can contribute to risk awareness and is a sign of a company culture in which employees do not fear repercussions for reporting an incident. Incident reporting can help to identify trends or risks. In 2019, the number of reported incidents was stable at 18 (which included mainly minor data breaches and (alleged) conflicts of interest). The incidents were addressed by the Compliance Officer and, depending on the severity of the case, discussed with the Management Board and reported to the Supervisory Committee.
b. The number of "material" incidents. No material incidents were reported in 2019. Incidents are: criminal acts, corruption, a violation of applicable laws and regulations, a breach of our internal Code of Conduct, a threat to the environment, health or safety, misleading supervisory authorities, intimidation, withholding or manipulation of data or any other act that damages Vesteda directly or indirectly.
c. Percentage of employees that confirm adherence to Vesteda's code of conduct. In 2019, 99% of all employees confirmed their compliance with Vesteda's code of conduct. The Compliance Officer held one-on-one meetings with employees who did not do this to gain an understanding any underlying reasons.

Vesteda's compliance with applicable rules and regulations is the foundation of its license to operate. Two of our main objectives are to incur no (monetary) sanctions and to retain our AFM license.

Compliance focus points 2019

The Compliance Officer conducted the annual Systematic Compliance Risk Analysis (SCRA) in Q4 2018. The SCRA is an instrument the Management Board and the management use to identify and analyse compliance and integrity risks in a structured manner. The analysis included an assessment of whether existing control measures were (still) sufficient to prevent or mitigate these identified risks or whether new measures are required. The SCRA resulted in an integrity-risk assessment and control policy. The outcome of the SCRA formed the basis of the Compliance year plan for 2019.

Integrity:

- The Compliance Officer kept employee integrity top of mind via awareness meetings and publications on the company intranet.
- An annual reminder of Vesteda's Code of Conduct was sent out. It is Vesteda's goal to have 100% of its employees confirming the Code on an annual basis. In 2019, 99% of the employees confirmed their compliance with the code of conduct. The Compliance Officer held one-on-one meetings with the employees who did not confirm their adherence to the Code.
- The Compliance Officer recorded compliance and integrity incidents and reported on a quarterly basis to the Management Board and a subcommittee of the Supervisory Committee about these incidents and any measures taken. The number of recorded incidents remained stable in 2019.
- Vesteda is a member of the Dutch Association of Institutional Property Investors (IVBN). As a result, Vesteda is obliged to adhere to IVBN's Code of Conduct for the Sale of Rented Housing Complexes and Single Properties, which includes adhering to certain rules when entering into portfolio sales. In 2019, Vesteda sold two portfolios and in doing so, adhered to the stipulations of said code and also had the respective purchasers contractually commit to the code.

Regulatory:

- In 2018, Vesteda did not submit a periodic report to the Dutch Central Bank (DNB) in time and DNB notified Vesteda that it would impose an incremental penalty (last onder dwangsom) of €1,500. However, since the cause of the late submission of the report was not attributable to Vesteda, DNB decided not to enforce payment thereof, as published by DNB on 17 September 2019.
- Vesteda was in contact with the Dutch Authority for the Financial Markets (AFM) on the rectification of the registered policy makers and parties having a qualified holding in Vesteda.
- Vesteda did not pay any significant fines in 2019.

Client integrity:

- The Compliance Officer led a project focused on updating Vesteda's client due diligence policies and procedures.

Privacy:

- All Vesteda employees were asked to take an e-learning training course on privacy. The e-learning training was tailored to Vesteda's business and covered both legislation and practical examples of privacy-related matters.
- As described in more detail elsewhere in this report, the roll-out of a new ERP system was one of the main focus areas for Vesteda in 2019. The Compliance Officer monitored whether the development of the functionalities of the new system was in line with the requirements of the General Data Protection Regulation (GDPR) and abided by the principle of "privacy by design".
- In addition to the new ERP system, Vesteda worked on the development of a new client portal. This also include monitoring of GDPR compliance.
- The Compliance Officer was part of a workgroup for the development of a Data Security Policy.

Risk management

Risk management is ingrained in Vesteda's strategic and operational 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 Vesteda Residential Fund, extending to all levels of the organisation and all lines of business.

Vesteda 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. Vesteda'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.

Risk appetite

The INREV core fund risk profile implies that Vesteda has a relatively low risk profile since it typically invests in income producing real estate investments. Vesteda employs relatively low levels of leverage and has limited exposure to real estate development. A significant and stable proportion of its returns are generated through rental income. Overall, Vesteda has a relatively low risk appetite. We refer to Note 27 in the section Notes to the consolidated financial statements for a description of our financial risk management objectives and policies.

Vesteda's risk management framework

Vesteda's risk management framework is described in the section below.

Risk Committee

Vesteda's risk management activities are overseen by the Risk Committee. The Committee's tasks include (but are not limited to):

- Advising the Management Board and the Management Team on risk management
- Designing and maintaining the strategic risk management policy
- Advising and facilitating the design and maintenance of the operational risk management policy
- Ensuring the appropriate yearly review of the risk management policy by the Management Board and the Management Team
- Increasing awareness of risk management throughout Vesteda
- Monitoring the effectiveness of key controls related to strategic risks, compliance risks and operational risks
- Reporting on risk management to the Management Board and the Management Team, the Audit Committee and the Supervisory Committee

The Risk Committee is chaired by the CFO, who is already charged with risk management at Vesteda. Other members of the Risk Committee include the director Operations, the Corporate Secretary/General Counsel, the Manager Business Control and the Compliance Officer. The Internal Auditor also joins the meetings of the Risk Committee but is not a member of the Risk Committee itself. A Risk Charter defines the roles and responsibilities, the tasks, authorities and reporting requirements of the Risk Committee. The Audit Committee approved the Risk Charter in November 2017.

The scope of risk management

Vesteda distinguishes the following three main risk areas:

1. Strategic risks relating to risks with respect to the strategic targets of Vesteda as defined in the five-year business plans

This relates to specific risks regarding tenants, portfolio, participants (equity funding), organisation and debt funding.

2. Operational risks relating to failure of systems and processes

Operational risk management is part of the 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, Vesteda'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 relevant controls to be audited and concluded upon in the assurance report are selected by Vesteda and relate to key controls within the most important business processes, primarily Acquisitions, Property and Portfolio Sales and Operations.

3. Compliance risks related to non-compliance with legislation and regulations

Vesteda 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 was approved by the Management Board in 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 them and discusses them (where necessary) in the quarterly consultation or on an ad hoc basis with the Management Board and/or the Supervisory Committee. If necessary, the Compliance Officer adjusts its activities (advice, monitoring) accordingly. The annual compliance programme therefore has a dynamic character. It is also possible that the results of an (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 this 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.

Strategic risk analysis

In 2017, Vesteda conducted an extensive risk analysis based on Vesteda's strategy (see section Strategy and long-term objectives of this report), focusing on the risks associated with Vesteda's strategic objectives relating to tenants, portfolio strategy (including corporate sustainability and social responsibility), organisation (including HR and information technology), participants and funding. Vesteda conducted an assessment of the risks that the strategic objectives may not be met within a time horizon of three years for each these strategic building blocks.

For each risk identified, the following analysis was performed:

- The gross risk: the inherent risk related to the specific strategic building block
- The likelihood that the risk will occur within the time horizon
- The control measures taken to mitigate and/or prevent the risk
- An evaluation as to whether and to what extent the current control measures are sufficient to mitigate and/or prevent the risk, which results in the net risk
- The impact of the risk if the risk actually occurs. The impact depends on the specific risk and was measured against strategic targets (e.g. performance against MSCI benchmark, participant and tenant satisfaction, GRESB score, etc.) or was expressed in financial terms (e.g. percentage of group equity, impact on rental income, etc.)

In 2019, the Risk Committee continued to monitor the strategic areas where the net risk, in combination with the potential impact of the risk and the likelihood of occurrence, could be regarded as relatively high. This related to the following risks:

Risks related to Information Technology (IT)

- Insufficient data security and system failures

The Risk Committee discussed and approved the Information Security Policy and related monitoring and improvement actions. This policy, based on ISO 27001 and ISO 27002, describes in detail the internal controls to ensure the continuity, integrity and confidentiality of our information. The Manager Digital and Innovation subsequently informed the Risk Committee in its meetings in Q3 and Q4 on the status of the implementation of improvement measures.

In 2018, Vesteda started with preparations for a new ERP system, which is expected to be fully operational in 2020. The new ERP system will reduce the risk of system failures, by reducing the number of legacy applications and applying more recent and stable technology. The implementation of this system is managed by a Steering Committee and a dedicated project team with specialists from various departments within Vesteda. Vesteda decided to postpone the go-live of the new system to mid-2020, due to the longer development lead time of some essential front office software modules.

Risks related to Portfolio Strategy

- This is the risk that increases in market rents are capped as a result of governmental decision making.

The issue of affordable housing will become increasingly important and we are convinced that the issue of affordability is here to stay for the foreseeable future. We believe that it is our responsibility to play an active role in addressing the issue of affordability, for example by voluntarily capping the annual rent increase in the past two years. Furthermore, we actively participate in discussions with government authorities, regulators and other parties, together with the Dutch Association of Institutional Property Investors (IVBN). New governmental regulation may be implemented and we therefore prepare for potential measures that may have an impact and at the same time recognise potential opportunities associated with these regulations. For example, we have embraced the regulated mid-market product as a new investment category.

Risks related to Corporate Sustainability and Social Responsibility (CSSR)

- This is the risk that Vesteda is unable to meet its CSSR targets and ambitions.

In 2019, the Programme Manager Sustainability presented the Risk Committee with the risks related to Vesteda's label improvement targets, its GRESB ambitions, the energy transition from natural gas and, more specifically, the risks related to Vesteda's assets as a result of global warming.

Due to the changing climate, we are faced with physical climate risks such as frequent droughts, extreme rainfall and rising water levels. The physical climate risks have an impact on the livability of our homes but also on our property as an investment. In 2020, we aim to gain more insight into the physical climate risks for our portfolio. We will use these insights into physical climate risks to develop a policy in this respect to evaluate new acquisitions and to mitigate and/or reduce the risks to our existing portfolio.

Further to the discussions in the Risk Committee, the climate adaption risks were discussed with the Supervisory Committee and during the meeting with participants in September 2019.

Other activities of the Risk Committee in 2019

In early 2019, Internal Audit reviewed the Risk Management function in the areas of 'Governance and Organisation', 'Risk identification and evaluation' and 'Risk Monitoring and reporting'. The recommendations of Internal Audit as a result of this audit have been implemented or will be addressed in 2020, when we will implement a specific risk management software tool. This tool enables a structured process of recording and monitoring of strategic and other risks, related controls and the effectiveness of these controls. As part of this implementation, the (strategic) risks related to the Business Plan 2020-2024 (as approved by our participants in December 2019), Vesteda's Management team is planning an in-depth discussion of Vesteda's risk appetite and controls. This process will also include updating Vesteda's Risk Management Policy.

During the year under review, Vesteda organised deep-dive sessions with the Investor Relations and Treasury departments to address the risks related to Vesteda's equity and debt funding. The Treasury Manager reports on a quarterly basis to the Risk Committee on the compliance with Vesteda's funding targets, including stress tests on liquidity and financial covenants. The Investor Relations Manager paid specific attention to the risks related to the attractiveness of the investment proposition for (potential) participants and the risk of redemptions.

The Risk Committee further discussed compliance with the Compliance Officer and specifically monitored GDPR compliance and the progress of the project to update Vesteda's client due diligence policies and procedures. In addition, the HR manager provided the Risk Committee with a review of the HR-related risks and measures.

'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.

During 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; and
- The annual report states those material risks and uncertainties that are relevant to the expectation of Vesteda'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 Vesteda'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 his business and affairs in the given circumstances.

About this report

Content report

This report is published on an annual basis and covers information from the first of January 2019 until the 31st of December 2019. Our previous Annual Report was published on 1 April 2019. The aim of this report is to inform Vesteda's most important stakeholders. By identifying the parties that Vesteda influences and the parties that exert influence on Vesteda, the company has defined the following key stakeholders: tenants, participants, employees, lenders/debt investors, partners/business partners, advisors/real estate experts and local authorities.

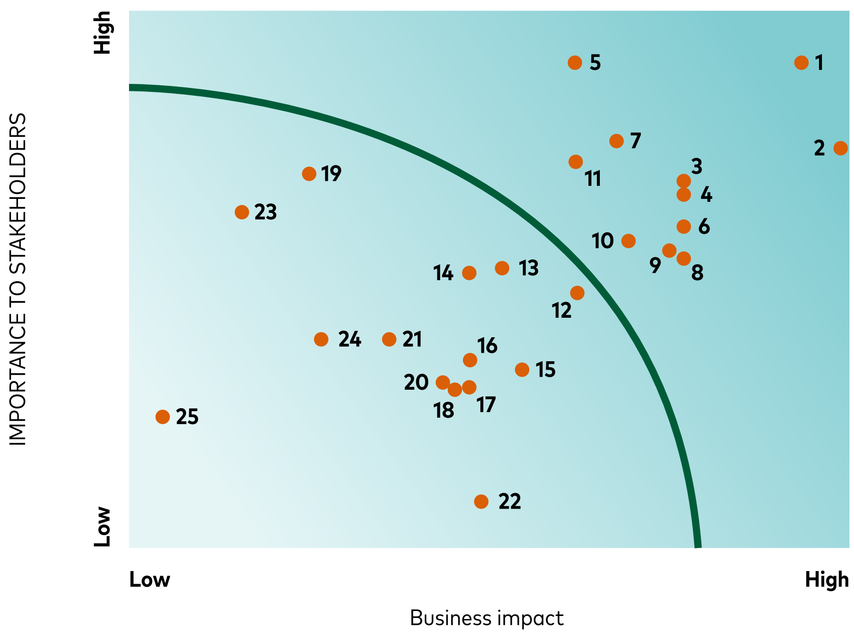
Financial and non-financial information

The financial information included in this report is derived from or in line with the financial statements. The Vesteda annual report is drawn up in accordance with IFRS accounting policies, unless otherwise stated. However, for transparency purposes, Vesteda deems it important to provide investors with insight into the fund's net asset value and metrics on the basis of the INREV principles. For that reason, Vesteda has included an additional segment to this report on the INREV NAV and metrics. Please see the section Vesteda Residential Fund FGR financial overviews in accordance with INREV valuation principles of this report. The non-financial information relates to areas such as market developments, portfolio and organisational developments, our tenants, CSSR, Corporate governance, Compliance and Integrity and Risk management. These data are the result of Vesteda's own analyses and systems, market research and legislation and regulations, such as MG circulars (residential rental market rules and regulations). There are no significant restatements regarding non-financial information.

Material aspects

This report has been prepared in accordance with the GRI Standards: Core Option. A key requirement to conform to the GRI guidelines is the execution of a materiality analysis and the translation of the outcomes of this in the annual reporting. Vesteda executed such a materiality analysis in 2016. The company updated the materiality analysis according to GRI Standards in 2017. For all material topics and their indicators, all Vesteda's entities are within scope. Vesteda reports quantitatively on the 11 most material subjects. Whenever possible, these 11 aspects have been combined with and linked to (GRI) aspects included in the previous year's reporting. The material themes remained unchanged in 2018 and 2019. The results of the materiality analysis are shown in the following matrix. The GRI table in Annex 4 of this report shows the link between the material aspects and the so-called GRI aspects and indicators.

Materiality Matrix



1. Economic performance
2. Tenant satisfaction
3. Sustainable innovations
4. Business integrity
5. Transparency
6. Sustainability in the supply chain
7. Sustainable construction and maintenance
8. Green certification
9. Corporate governance structure
10. Compliance
11. Healthy complexes
12. Participant satisfaction
13. Promoting sustainable consumption by tenants
14. Employee satisfaction & engagement
15. Environmental performance of company's own operations
16. Employee training and education
17. Diversity and equal opportunities
18. Employee awareness of sustainability
19. Good reputation
20. Employee health & well-being
21. Sustainable public policy
22. Mobility emissions - Vesteda
23. Laws & regulations
24. Community involvement
25. Discrimination and vulnerable groups

Dialogue with stakeholders

The table below gives an overview of the structural dialogue between Vesteda and its key stakeholders.

Dialogue with stakeholders

Stakeholders	Dialogue	Content dialogue	Impact dialogue on policy Vesteda
Tenant	• Vesteda Tenant platform • Individual tenant associations per residential building • Day-to-day contact through Operations • Tenant satisfaction survey • Social media/webcare • Mijn Vesteda (My Vesteda) • Vesteda website • Cient panels • DoeGroenDagen (go green days)	• Rent policy, maintenance policy, sustainability measures, quality of life in residential complexes	• Knowledge sharing and transparency • Improved management of suppliers • Improved communications • Digitalisation of rental process • Optimisation of renovation process for bathrooms, kitchens and toilets • DoeGroenDagen (go green days) • Loyalty programme • The amount of repairs that the we include as part of our standard service has expanded
Employees	• Questionnaire (HPO) • Events for employees • Intranet • Works Council	• Employee satisfaction and employee experience, Vesteda Improves project • Onboarding day (quarterly), Inspiration session (monthly), Business Plan presentation (yearly), Financial and business results (quarterly), Celebrations (new year, breakfast sessions, Friday drinks etc) • Source of information • Discuss relevant developments and regulations concerning business strategy and employee impact, such as M&A, organisational changes and employee benefits	• Identification of integral improvement programmes • Social connectivity and creation of Vesteda culture • Clear quarterly information about business progress and plans
Participants	• General Meeting of Participants (at least twice a year) • Regular investor meetings/quarterly conference calls • Annual informal Participants' Day • Annual independent Participant satisfaction survey • Property Tours • InvestorWeb (for participants)	• Business Plan 2020-2024 • Liquidity Review Date • Transition to zero-natiural gas living • Rent increase policy • Acquisitions and sales policy • Required returns • CSSR • ISAE • New ERP system	• Voluntarily cap the annual average rent increase of free market rental homes between 150 bps to 200 bps on top of inflation (on the condition that the mid-rental market will not be regulated) • Continued attention for CSSR (for instance decision to implement UN PRI and UN SDG) • Clear criteria to improve reporting and Participant' Day
Lenders/ Debt investors	• Annual credit review meetings • Regular debt investor/lender meetings • Information for debt investors on website • Financial covenant reporting • Roadshow for bond investors	• Strategy • Leverage • Reporting • Governance • Cash management • CSSR	• Transparent reporting standards; improved reporting • Funding strategy (long-term leverage) • Development risk • Liquidity risk

Partners/ business partners and local authorities	• Through membership and meetings of IVBN, INREV, ULI, NeVaP, NEPROM, DGBC, NRP and GBC-Z. • Local and national government(s) • Attending/giving lectures at business events/conferences • Attending conferences such as Expo Real, Provada and INREV • Joining expert meetings and working groups	• Increasing mid-rental market supply in the urban environment / affordable living • Discuss local regulatoins, policies and market developments • Discuss relevant developments, such as sustainability, urban development, densification, ground lease, mobility, disruptive technologies, technical innovations and smart buildings • Discuss propositions for acquisitions, property sales and re-developments	• Sector effort to realise more affordable housing in urban environments • Revolving Fund Urban Transformation (NEPROM, Platform31) • Investment Strategy for Sustainable Urbanisation "At home in the Future" (NEPROM) • Translation of market developments into our Business Plan • Investing in knowledge of disruptive technologies for residential real estate investments / PropTech solutions (for instance: Project Milestone (3D-printed concrete houses) • Adopting and improving best practices
Advisors/ real estate experts	• Regular meetings with Vesteda Advisory Committee • Conference with Dutch housing association • Partnership signed with the Blue Building Institute • Workshop on sustainability • Attending/giving lectures at business events	• Sustainability, re-development of existing properties • Energy transition • KPIs • Healthy living • Social cohesion • Market developments	• Research into CSSR and continued embedding in policy • WELL certification

INREV Guidelines Compliance Statement

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. Its goal is to improve transparency, professionalism and best practices across the sector, making the asset class more accessible and attractive to investors. INREV provides practical guidelines that create consistency, enable benchmarking and foster transparency for the industry. Vesteda deems it important to adhere to these guidelines and seeks to comply wherever this is possible or practical for a fund with the open-ended, internally-managed structure characteristics of Vesteda.

In 2019, Vesteda performed a self-assessment with regard to the level of compliance with the INREV Guidelines. INREV published the revised INREV Guidelines in 2014, incorporating industry standards in the fields of Reporting, Fee and Expense Metrics, Property Valuation, INREV NAV, Liquidity, Corporate Governance, and Sustainability Reporting.

The overall INREV Guidelines Compliance Rate of the Vesteda Residential Fund is 96%, based on seven out of eight assessments. The table below shows the compliance rate for each completed module of this self-assessment. We have not set quantitative targets on transparency and corporate governance. Results of the self-assessment are evaluated internally. A next step would be to evaluate whether there are possibilities to increase the level of compliance.

Compliance with the INREV Guidelines Assessment Results

INREV module	Level of adoption or compliance
Reporting (100%)	The manager has complied with all the requirements of the Reporting module.
Fee and Expense Metrics (85%)	The manager has to a large extent complied with all the requirements of the Fee and Expense Metrics module.
Property Valuation (100%)	The manager has complied with all the requirements of the Property Valuation module.
INREV NAV (100%)	The manager has complied with all the requirements of the Property Valuation module.
Liquidity (96%)	The manager has to a large extent complied with all the requirements of the Liquidity module.
Corporate Governance (94%)	The manager has to a large extent complied with all the requirements of the Corporate Governance module.
Sustainability (100%)	The manager has complied with all the requirements of the Sustainability Reporting guidelines.

Assurance

This report has been provided with external assurance. You will find the assurance report of the independent auditor and their conclusion in the section Assurance report of the independent auditor of this report. Vesteda believes this assurance is important as it provides additional certainty regarding the accuracy of the information included.

Assurance report of the independent auditor

Assurance report of the independent auditor with respect to the 2019 Sustainability Information of Vesteda Residential Fund FGR

To the participants and the Supervisory Committee of Vesteda Residential Fund FGR

Our conclusion

We have reviewed the sustainability information in the accompanying annual report (hereafter: the Report) for the year 2019 of Vesteda Residential Fund FGR (hereafter: 'Vesteda'), based in Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements for the year 2019

in accordance with the reporting criteria as included in the section 'reporting criteria'.

The sustainability information consists of sustainability data as included in the following chapters: Vesteda at a glance, Paragraph Key figures (p.10); Management Report, Market developments (p.16-23); Corporate Sustainability and Social Responsibility (p.57-65); Governance and risk management, Section Compliance and Integrity (p.70-72); About this report (p.76-80) and Annex 4: GRI Content Index for 'In accordance' – Core .

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports) which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We are independent of Vesteda in accordance with 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 that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Vesteda is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as disclosed on page 76 of the annual report.

Responsibilities of management and the Supervisory Committee for the sustainability information

Management is responsible for the preparation of the sustainability information in accordance with the reporting criteria as included in the section 'reporting criteria' and the applied supplemental reporting criteria as disclosed on page 76 of the annual report, including the identification of stakeholders and the definition of material matters. The choices made by management regarding the scope of the sustainability information and the reporting policy are summarised in the chapter About this Report on pages 76-80.

Management is also responsible for such internal control as management determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The Supervisory Committee is responsible for overseeing the reporting process of Vesteda.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by management;
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
    - Interviewing management (and/or relevant staff) responsible for the sustainability strategy, policy and results;
    - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
    - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
    - Reviewing, on a limited test basis, relevant internal and external documentation;
    - Performing an analytical review of the data and trends

- Evaluating the presentation, structure and content of the sustainability information;
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Committee regarding, among other matters, the planned scope, timing and outcome of the review.

Amsterdam, 18 March 2020

Deloitte Accountants B.V.

Signed on the original: J. Holland

Vesteda Residential Fund FGR financial statements 2019

Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2019; amounts in € million

	Note	2019	2018
Gross rental income	6	329	281
Service charges income	7	9	10
Revenues		**338**	**291**
Property operating expenses (excluding service charges)	8	(72)	(65)
Service charges	7	(14)	(16)
Net rental income		**252**	**210**
Result on property sales	9	13	44
Management expenses	10	(23)	(18)
Financial results	11	(40)	(29)
Realised result before tax		**202**	**207**
Unrealised result	12	653	825
Result before tax		**855**	**1,032**
Tax	13	(1)	-
Result after tax (attributable to equity holders of the parent/participants)		**854**	**1,032**
Other comprehensive income that will be reclassified subsequently to profit or loss			
- Settlement pre-hedge contracts		(6)	-
- Revaluation of PPE		1	2
Other comprehensive income, net of tax	**14**	**(5)**	**2**
Total comprehensive income (attributable to equity holders of the parent)		**849**	**1,034**
Earnings per participation right in €			
Basic and diluted earnings, on result after tax	21	23.79	32.20
Comprehensive income per participation right in €			
Basic and diluted earnings, on total comprehensive income		23.65	32.27

Consolidated statement of financial position

For the year ended 31 December 2019; amounts in € million

	Note	31-12-2019	31-12-2018
ASSETS			
Non-current assets			
Intangible fixed assets		8	3
Investment property	15	7,818	7,024
Investment property under construction	16	194	257
Property, plant and equipment	17	20	16
Financial assets	18	4	9
Total non-current assets		**8,044**	**7,309**
Current assets			
Trade and other receivables	19	11	17
Cash and cash equivalents	20	3	11
Total current assets		**14**	**28**
Total assets		**8,058**	**7,337**
EQUITY AND LIABILITIES			
Equity			
Group equity	21	6,022	5,517
Non-current liabilities			
Financial liabilities	22	1,591	1,439
Lease liabilities	23	130	-
Total non-current liabilities		**1,721**	**1,439**
Current liabilities			
ECP/Bank/Bond	22	224	300
Provisions	24	6	4
Trade and other payables	25	85	78
Total current liabilities		**315**	**382**
Total liabilities		**2,036**	**1,820**
Total equity and liabilities		**8,058**	**7,337**
Net Asset Value (NAV) per participation right in €			
Basic IFRS NAV	21	167.74	153.69

Consolidated statement of changes in equity

For the year ended 31 December 2019; amounts in € million

	Fund equity	General paid-in surplus	Reserve				Total equity
			Property reserve	Derivatives	Legal	Other reserve	
Balance at 1 January 2018	**28**	**1,727**	**1,183**	**-**	**3**	**879**	**3,819**
Profit for the year	-	-	680	-	-	352	1,032
Other comprehensive income	-	-	-	-	2	-	2
Total comprehensive income	**-**	**-**	**680**	**-**	**2**	**352**	**1,034**
Realised from property sales	-	-	(63)	-	-	63	-
Capital paid in	7	1,072	-	-	-	-	1,079
Distribution paid	-	(415)	-	-	-	-	(415)
Balance at 31 December 2018	**35**	**2,384**	**1,800**	**-**	**5**	**1,293**	**5,517**
Profit for the year	-	-	644	-	2	208	854
Other comprehensive income	-	-	-	(6)	1	-	(5)
Total comprehensive income	**-**	**-**	**644**	**(6)**	**3**	**208**	**849**
Realised from property sales	-	-	(45)	-	-	45	-
Distribution paid	-	(344)	-	-	-	-	(344)
Balance at 31 December 2019	**35**	**2,040**	**2,399**	**(6)**	**8**	**1,546**	**6,022**

Other comprehensive income may be recognised as profit or loss in future periods.

Consolidated cash flow statement

For the year ended 31 December 2019; amounts in € million

	Note	2019	2018
Operating activities			
Result for the year after tax		854	1,032
Adjustments to reconcile result after tax to net cash flow from operating activities			
Unrealised result	12	(653)	(825)
Depreciation of property, plant and equipment	17	1	2
Amortisation of financing costs	22	3	3
Provisions	24	2	(9)
Interest expense	11	40	28
Result on property sales	9	(13)	(44)
		(620)	**(845)**
Working capital adjustments		2	-
Net cash flow from operating activities		**236**	**187**
Investing activities			
Capital expenditure in investment property	15	(44)	(34)
Proceeds from sale of investment property	15	253	334
Capital expenditure on intangible fixed assets		(3)	(3)
Capital expenditure on property, plant and equipment	17	(2)	(2)
Capital expenditure on financial fixed assets		(6)	-
Investment property acquisitions *		-	(344)
Acquisitions property under construction	16	-	(121)
Capital expenditure on participations		6	-
Capital expenditure on investment property under construction	16	(137)	(146)
Net cash flow from investing activities		**67**	**(316)**
Financing activities			
Loans drawn	22	2,510	1,042
Financing costs	22	(4)	(5)
Loan repayment	22	(2,431)	(473)
Distribution paid	21	(344)	(415)
Interest paid		(36)	(23)
Settlement pre-hedge contracts	14	(6)	-
Net cash flow from financing activities		**(311)**	**126**
		(8)	**(3)**
Net increase/decrease in cash and cash equivalents		(8)	(3)
Cash and cash equivalents at the beginning of the period	20	11	14
Cash and cash equivalents at 31 December	**20**	**3**	**11**

* **Non-cash transactions**
In 2019, Vesteda carried out no non-cash transactions. In 2018, Vesteda carried out one partially non-cash transaction; on 28 June Vesteda bought the former Delta Lloyd portfolio from Nationale Nederlanden for €1,372 million of which was paid €1,080 million of the total sum in participation rights to the seller and €292 million in cash.

Notes to the consolidated financial statements

1. Corporate information

The consolidated financial statements of Vesteda Residential Fund FGR (the Fund) and the affiliated entities (the Vesteda Companies) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Management Board on 18 March 2020. Vesteda Residential Fund FGR (the Fund) is a mutual fund. Vesteda Investment Management B.V. is the fund manager, and its registered office is located at De Boelelaan 759, Amsterdam, the Netherlands.

The principal activity of Vesteda Residential Fund FGR is investing in Dutch residential properties.

The Fund and its manager are subject to the Dutch Financial Supervision Act (FSA).

2. Basis of preparation

Vesteda Residential Fund FGR (the Fund) is not a legal entity. These financial statements present the consolidated financial information of the Fund and its affiliated companies (together referred to as the Vesteda Companies). Compared with the Annual Report 2018, there have been no financial restatements.

Management considered whether the Vesteda Companies represent a reporting entity. Although no legal parent company exists, management believes that the Vesteda Companies meet the definition of a reporting entity under IFRS, taking into account the discussions held by IFRIC (IFRS Interpretation Committee) and the IASB (International Accounting Standards Board) in previous years and the ED Conceptual Framework for Financial Reporting as issued by the IASB in March 2018. The ED states that if a reporting entity is not a legal entity, the boundaries of the reporting entity needs to be set in such a way that the financial statements: (a) provide the relevant financial information needed by existing and potential investors, lenders and other creditors who rely on the financial statements; and (b) faithfully represent the economic activities of the entity.

The Vesteda Companies represent a defined area of economic activities whose financial information provides relevant information to users of financial statements. Furthermore, the economic activities can be objectively distinguished from those of other entities and from the economic environment in which the Vesteda Companies operate.

The ED of March 2018 discusses the distinction between consolidated and combined financial statements. The opinions of the Management is that this distinction is not relevant for the users of the financial statements of the Vesteda Companies and as such uses the term 'consolidated' financial statements.

As a result, management believes that this basis of preparation results in a true and fair presentation of the Vesteda Companies' financial position, financial performance and cash flows, and that the consolidated financial statements comply in all material aspects with International Financial Reporting Standards as endorsed by the European Union and Part 9 of Book 2 of the Dutch Civil Code and the Financial Supervision Act.

The financial statements of the Vesteda Companies have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS2, leasing transactions that are within the scope of IAS17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS2 Inventories or value in use in IAS 36 Impairment of Assets.

The principal accounting policies adopted are set out below.

The consolidated financial statements are presented in euro and all amounts are rounded to the nearest million, except where otherwise indicated.

As a result of the licence obtained from the Dutch Financial Markets Authority AFM (Autoriteit Financiële Markten), Vesteda needs to comply with the Alternative Investment Fund Managers Directive (AIFMD). As a consequence, Vesteda needs to adhere to the requirements of Part 9 of Book 2 of the Dutch Civil Code. Based on these requirements, Vesteda needs to apply IFRS as adopted by the European Union as a basis of preparation for the 2019 consolidated financial statements.

In addition, pursuant to the requirements of Part 9 of Book 2 of the Dutch Civil Code, Vesteda prepared the 2019 company financial statements for Vesteda Residential Fund FGR. These financial statements will be reported to the AFM and are included in this report.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its affiliated companies as at 31 December 2019. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Vesteda Companies obtain control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The following entities are included in the consolidated financial statements:

- Vesteda Residential Fund FGR, Amsterdam - Parent entity
- Vesteda Investment Management B.V., Amsterdam - 100%
- Stichting Dutch Residential Fund I, Amsterdam - 100%
- Custodian Vesteda Fund I B.V., Amsterdam - 100%
- Vesteda Finance B.V., Amsterdam - 100%
- Vesteda Project Development B.V., Amsterdam - 100%

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are entities (directly or indirectly) controlled by the Fund. Control exists when the Fund is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Fund controls an investee if, and only if, the Fund has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. When the Fund has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are factors that demonstrate that the Fund has the existing rights to direct the relevant activities of a subsidiary.

The Fund re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Fund obtains control over the subsidiary and ceases when the Fund loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Fund gains control until the date the Fund ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss.

Any investment retained is recognised at fair value.

Certain figures have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

3. Effect first time adoption

IFRS16 leases

As of 2019 the new IFRS16 lease accounting standards are in place. For Vesteda acting as a lessor no relevant changes apply, so this new standard did not affect the accounting for the Vesteda rent activities to tenants of properties.

However the effect of applying IFRS16 Leases in relation to land lease payments has a larger impact on the balance sheet and the classification within the profit and loss account. The effect is nil for both the equity and the income of Vesteda.

Vesteda has applied IFRS 16 making use of the practical expedient on a modified retrospective basis. As a result the comparative information is not restated. Instead, Vesteda recognizes the cumulative effect of initially applying this Standard as an adjustment to the opening balance at 1 January 2019.

In this first year of adoption the impact in the opening balance as per 1 January 2019 is an increase in right of use assets (within the investment property balance) of €188 million and a corresponding increase of the lease liability.

The lease liability is primary the bases for the accounting of the right of use asset. The lease liability is based on the discounted expected future lease payments (including future ground lease redemptions) over the lease term. For determining the lease term the contractual lease term is taken into account with all options the lessee has for lengthening the contract. In general in the Netherlands the lease term is perpetual. Only in the municipality of Amsterdam, the contract has a continuous character with a potential break option by the lessee. As the property is so interlinked with the land lease, Vesteda concluded that the contract term for the Amsterdam contracts is perpetual as well although there is a theoretical break. The future payments are discounted with the incremental borrowing-rate.

If clear information was not readily available for determining the future cash flows, they are based on a fair value assessment at a moment in time at the inception of the contract, such as external valuation reports or benchmarking information from other land leases.

In Q4 2019, Vesteda decided for the Amsterdam residential land lease contracts to use the option of changing the continuous land lease to perpetual land lease. As a result a re-assessment has taken place to calculate the expected cashflows based on this favorable option.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Vesteda's accounting policies, which are described in Note 5 , management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

General

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that management has made in the process of applying Vesteda's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

A property sale is recognised when the beneficial ownership, including the financial rights and risks of the ownership, has been transferred.

Considerations

Revenue recognition

A property sale is recognised when the beneficial ownership, including the financial rights and risks of the ownership, has been transferred.

Classification of property

The Vesteda Companies use the following criteria to determine the classification of a property:

- Investment property comprising land and buildings (principally residential properties) are held primarily to earn rental income and capital appreciation with the exception of properties which are not occupied substantially for use by, or in the operations of, the Vesteda Companies, or for sale in the ordinary course of business (we also refer to Note 15 Investment property).
- Investment property under construction comprises land and buildings (principally residential properties) under construction with the aim of adding said property to the investment property portfolio upon completion.

Operating lease contracts – the Vesteda Companies as lessor

The Vesteda Companies have entered into property leases on their investment property portfolio. Vesteda has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Lease contracts – the Vesteda Companies as lessee

The Vesteda Companies have entered into land leases as a lessee. Vesteda has determined, based on an evaluation of the terms and conditions of the arrangements, that in most cases the land lease is an operating obligation, as the Vesteda Companies do not retain the significant risks and rewards incidental to ownership.

Tax status

Vesteda is a mutual fund for the joint account of the participants (Dutch: FGR). The Fund is tax transparent and investors can join or leave the Fund through the manager. Participants can hold their partnership contribution in Vesteda through an entity with its own legal and tax structure.

Each participant is therefore responsible for its individual tax liabilities and individual tax compliance obligations as a result of the issue, holding or redemption of participation rights.

The manager is responsible for compliance with the tax rulings relating to the holding and issue and redemption of participation rights.

Vesteda Investment Management B.V., Vesteda Project Development B.V., Vesteda Finance B.V. and Custodian Vesteda Fund (CVF) I B.V. are taxable for Dutch corporate income tax.

Furthermore, the Fund has an arrangement with the Dutch tax authorities known as horizontal supervision and several tax rulings exist regarding VAT and transfer tax.

The Vesteda Companies recognise liabilities for current taxes based on estimates of whether corporate income taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the corporate income and deferred tax provisions in the period in which the determination is made. Any deferred tax asset relating to income tax on the possible offset of losses for tax purposes and differences between accounting policies for commercial and tax purposes is recognised at current tax rates to the extent that it is probable that they can be utilised.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Investment property

Investment property is measured at fair value. The fair value of investment property is determined by external independent real estate valuation experts using recognised valuation techniques as defined in the standards of the Dutch Register of Real Estate Valuers (NRVT), the Royal Institution of Chartered Surveyors (RICS) and other professional bodies. The fair values of properties are determined on the basis of recent real estate transactions - if available - with similar characteristics and locations to those of the Vesteda Companies' assets.

The Discounted Cash Flow Method is used to determine the fair values of the investment property.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows associated with either an operating property or a development property. An appropriate, market-derived discount rate is applied to this projected cash flow series, to establish an indication of the current value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to current value. The aggregate of the net current values equals the market value of the property.

The total portfolio is appraised comprehensively by external independent real estate valuation experts in the course of the year. Vesteda's goal is to conduct comprehensive appraisals on approximately 25% of the portfolio each quarter. The remainder of the quarterly appraisals comprises a desktop update by the external real estate valuation experts.

Investment property under construction

Investment property under construction is also measured at fair value; for the method of determination of fair value, we refer you to the above section, investment property.

As in the case of investment property, the fair value determination, including the necessary estimates involved, is based on the valuation by external independent real estate valuation experts using recognised valuation techniques.

The fair value is assessed by reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Development risks (such as construction and letting risks) are taken into consideration when determining the fair value of investment properties under construction.

Provisions for contractual obligations
A provision for future construction contracts is recognised if, as a result of a past event, Vesteda has a present construction obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

5. Summary of significant accounting policies

Legal and tax structure for the financial statements
Vesteda Residential Fund FGR is a contractual investment fund (beleggingsfonds), as defined in section 1:1 of the Dutch Financial Supervision Act (FSA). Vesteda Residential Fund is licensed by the AFM and pursuant to the conditions of this licence Vesteda Investment Management B.V. has appointed Intertrust Depositary Services B.V. to act as depositary for the Fund and has concluded a depositary services agreement with the depositary for the benefit of the Fund and the participants in accordance with article 4:37f of the FSA. The depositary is responsible for the supervision of certain aspects of the Fund's business in accordance with applicable law and the depositary services agreement.

The Fund is an unlisted fund for the joint account of the participants. As such, the economic title to the Fund assets is held by the participants pro rata to their participation rights. The purpose of the Fund is to make investments, and in particular (but not limited to) to invest capital, indirectly or directly, in property mainly designated for residential purposes and located in the Netherlands, for the account and at the risk of the participants. The strategy of the Fund is set out in more detail in the investment guidelines that form part of the Fund's Terms and Conditions.

The Terms and Conditions of Vesteda Residential Fund FGR govern the Fund and they can only be amended by a resolution of the participants.

Participants' rights and obligations in respect of the manager, Vesteda Project Development B.V. and Vesteda Finance B.V., are exercised through the trust office, Stichting Administratiekantoor Vesteda (StAK Vesteda). Participants are granted a power of attorney to attend and exercise voting rights in the general meeting of shareholders of these three companies by StAK Vesteda at their request.

Vesteda Investment Management B.V. (the manager)
The participants have entrusted the manager, Vesteda Investment Management B.V., with the management and operation of the Fund. The manager carries out its task in the sole interest of the participants and within the boundaries described in the Fund's Terms and Conditions. The manager, in its capacity as manager and operator of the Fund, is subject to supervision of the Dutch Financial Markets Authority (AFM) and the Dutch Central Bank (DNB). The manager has obtained a license to act as a manager of an alternative investment fund in accordance with article 2:67 of the FSA on 17 February 2014. The participation rights can only be acquired by professional investors, as defined in section 1:1 of the FSA.

Vesteda Finance B.V. and Vesteda Project Development B.V.
Vesteda Finance B.V. will undertake Vesteda's unsecured financing activities on behalf of the Fund. Vesteda Project Development B.V. holds the development projects in the pipeline.

Custodian Vesteda Fund I B.V.
At present, Vesteda has one custodian company. The custodian is the legal owner of the property of the Fund, while the Fund is the beneficial owner. On 17 July 2019, Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V., Custodian Vesteda Fund IV B.V. and Custodian Vesteda Fund V B.V. merged in to one company, Vesteda Fund I B.V. All legal rights and obligations of Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V., Custodian Vesteda Fund IV B.V. and Custodian Vesteda Fund V B.V. were transferred into Custodian Vesteda Fund I B.V.

Vesteda Residential Fund FGR is a mutual fund, which is not a legal entity under the laws of the Netherlands.

Accounting policies
Rental income
Rental income from operating leases is recognised when it becomes receivable. Incentives for tenants to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis.

Service charges

Service charges comprise income from service charges, which are charged to tenants and service charges which are non-recoverable.

Property operating expenses

Property operating expenses comprise costs directly attributable to a specific property. These costs are mainly maintenance costs, property tax and other levies, insurance premiums, management and letting fees and service costs not chargeable to tenants.

Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other income

Other income is recognised when realised.

Net rental income

Net rental income is the rental income plus other income less property operating expenses.

Result on projects in progress

Profit is recognised in proportion to the amount of the project that has been completed.

Result on property sales

A property (or property under construction) is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally upon the unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions have been fulfilled. The result on property sales is the proceeds from sales (less any facilitation costs), less the most recent carrying value of the properties sold, established each quarter.

Vesteda values its investment property per complex rather than per individual unit. As indicated in Note 15 , potential proceeds from the sale of individual units are taken into account in the valuation.

In determining the book value of an individual unit, the last determined valuation by an external appraiser of the property as a whole is allocated to the number of units in the property. This allocation takes in to account the size of the specific unit and specific characteristics of the unit, such as floor level, corner unit, garden, balcony, etc. This allocation does not take into account the sales proceeds from the sale of individual units (so called vacant values) in the Discounted Counted Cash flow model of the external independent real estate valuation experts. The allocation criteria per property is set at the moment the first unit is sold.

Management expenses

Any expenses that cannot be allocated directly to the various properties are regarded as management expenses.

Financial results

Interest income and expenses are recognised as they accrue using the effective interest method. Financial results also includes amortisation of financing costs and the cost of the unwind transaction derivatives.

Realised result

The realised result is the sum of the net rental income and results from property sales and projects in progress, less management expenses and financial results.

Unrealised result

The unrealised result is made up of unrealised gains and losses directly related to property investments.

Corporate income tax
Entities within the Vesteda Companies that are subject to corporate income tax do not recognise any difference between accounting and taxable income. As such, taxation on income is calculated by applying the standard rate of tax to the taxable amount. If such a taxable amount is negative, Vesteda only recognises a benefit if there is a possibility to carry back the loss to years where taxes have been paid and if a refund is expected. The Vesteda Companies recognise deferred tax assets in relation to loss carry forwards to the extent that it is probable that taxable profits will be available. The Fund itself is exempt from corporate income taxes.

Intangible fixed assets
Intangible fixed assets are recognised at cost less straight-line depreciation and any impairment. Depreciation is based on the estimated useful contribution of the assets in question, which varies from three to seven years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Investment property
Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to render the property suitable for operational purposes. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, where parties traded in an informed, diligent way and without compulsion.

Gains or losses arising from changes in the fair values are included in the statement of comprehensive income in the year in which they arise.

A property interest that is held under an operating obligation is classified and accounted for as investment property, if said property interest would otherwise meet the definition of an investment property.

The determination of the fair value for investment property is based on the income approach in line with IFRS13. Taking into account the limited public data available, the complexity of real estate asset valuations, as well as the fact that external independent real estate valuation experts use the rents and property operating expenses of Vesteda's assets in their valuations, Vesteda believes it is appropriate to classify its investment property under Level 3. In addition, external independent real estate valuation experts use unobservable inputs, including their own assumptions on discount rates, dates, interest rates, inflation and exit yields, to determine the fair value of Vesteda's investment property.

Land leases

When Vesteda enters a land lease, at the inception of a contract, Vesteda assesses whether that contract is, or contains, a lease. A lease is a contract where the right to direct the use of an asset owned by another party and to obtain the economic benefits deriving from that asset are transferred to Vesteda. Where Vesteda is a lessee, Vesteda recognizes a right of use asset and a lease liability.

At initial recognition, the lease liability is measured at the present value of the lease payments in the lease, including any renewal options where it is reasonably certain Vesteda will exercise the option and the lease payments due after exercising the option are estimatable. On the land lease term, Vesteda has taken into account a perpetual view.

These payments are discounted using the implicit rate in the lease or, where this rate is not determinable, at the interest rate implicit in the lease or Vesteda's incremental borrowing rate for borrowings secured by a similar asset and for a similar term as the lease. Lease payments include fixed payments and variable payments that depend on an index or rate including any renewal options included in the determination of the term of the lease. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. The lease liability is remeasured when the lease agreement is modified or if there are changes to variable payments dependent on an index or rate.

At inception, the right of use asset comprises of the lease liability plus any direct costs of obtaining the lease less any incentives provided by the lessor. The right of use asset is presented under the investment property and valued at fair value.

Investment property under construction

Investment property under construction, subsequent to initial recognition, is also stated at fair value.

As is the case with investment property, the fair value determination, including any necessary estimates, is based on the valuation by independent real estate valuation experts using recognised valuation techniques.

For the method of determination of fair value, we refer you to the section investment property.

Development risks (such as construction and letting risks) are taken into consideration when determining the fair value of investment properties under construction.

Property, plant and equipment

The head office of Vesteda is reappraised on a quarterly basis by an external independent real estate valuation expert. Positive revaluations are not recognised directly into equity but in the OCI section of the statement of comprehensive income. If a negative revaluation occurs in excess of the positive revaluation reserve this excess shall be recognised in the profit or loss section of the statement of comprehensive income.

Vesteda applies straight-line depreciation, based on an estimated useful life, over the depreciable amount, this being the carrying amount less residual value.

Other property, plant and equipment are recognised at cost, less straight-line depreciation and any impairment.

Depreciation is based on the estimated useful life of the assets concerned, which is between three and ten years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The right-of-use asset value of car lease contracts and office rental contracts is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses. The right of use is adjusted for any remeasurement of the lease liability, when applicable.

Any gain or loss arising upon the derecognition of an asset is included in the statement of comprehensive income.

Financial assets

- Associates: if significant influence is exercised on the commercial and financial policy of participating interest, those interests are accounted for using the equity method based on net asset value.
- Other participating interests are recognised at fair value through profit or loss.
- Loans receivable are recognised at amortised cost. Where necessary, there is a write-down for doubtful debts.

Receivables

Receivables are recognised at amortised cost, which is generally in line with face value, less a provision for doubtful debts.

Cash and cash equivalents

Cash is cash on hand and at bank. Cash is recognised at face value.

Share-based payment transactions of Vesteda

Cash-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of cash-settled share-based transactions are set out in Note 29 .

The fair value determined at the grant date of the cash-settled share-based payments is expensed on a straight-line basis over the vesting period, based on Vesteda's estimate of the number of equity instruments that will eventually vest. At each reporting date, Vesteda revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Financial liabilities

Loans are initially recognised at fair value. After initial recognition, loans are subsequently measured at amortised cost using the effective interest method. Interest expense is attributed to the period to which it relates and recognised through the statement of comprehensive income. Financing costs are recognised at cost less straight-line amortisation. Amortisation is parallel to the maturity of the inherent loans.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications or other modifications.

Derivatives

The Vesteda Companies can use derivatives such as interest rate swaps to hedge changes in interest rates. The derivatives are used to hedge the risk of uncertain future cash flows. In 2019 Vesteda arranged two interest rate swaps to hegde risk of interest rate increase. As per end December 2019 Vesteda had no derivative financial instruments outstanding.

Provisions
Provisions are recognised if Vesteda has an obligation from a past event and it is probable that the obligation will have to be settled and a reliable estimate can be made of the amount of the obligation. The amount of a provision is set using the best estimate of the amount that will be required to settle the obligations and losses at the reporting date.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Pensions
Vesteda has arranged its pension obligations by joining Dutch pension fund ABP. The ABP pension plan is a multi-employer plan, in which actuarial and investment risks are almost entirely for the account of employees. Employers who join this plan have no obligation to contribute additional premium in the event of a deficit. Vesteda's obligations are limited to the contribution of the premium set by the pension fund. The Managing Board of ABP determines this premium annually on the basis of its own data files and with reference to the parameters and requirements specified by the supervising authority of ABP (the Dutch Central Bank DNB).

The premium obligation arises from being a participant in the pension plan in the current year and does not originate from having joined the pension plan in previous years. From a reporting point of view, the ABP pension plan qualifies as a defined contribution (DC) plan. Consequently the premium is recognised as an expense for the year, and no further explanation is required.

Current liabilities
Trade payables and other current liabilities are recognised at amortised cost, which is generally in line with face value.

6. Gross rental income

Gross rental income can be broken down as follows:

	2019	2018
Theoretical rent	339	290
Loss of rent	10	9
Gross rental income	**329**	**281**

Theoretical rent increased, caused by the fact that the average number of units in the year compared to 2018 of the portfolio increased. Total number of units at the end of the year decreased with 519 units, from 27,809 (2018) to 27,290 (2019), due to portfolio sales and individual unit sales. Furthermore, the increase was due to rent optimisation and the application of the annual rent increase. Vesteda voluntarily capped the annual average rent increase for the free rental segment to CPI plus 1.5% in 2019, resulting in a like-for-like increase of 3.6% (2018: 2.7%). The loss of rent as a percentage of theoretical rent decreased, which was mainly due to higher occupancy rates.

The Fund, predominantly consisting of residential investment property, leases its property investments in the form of non-cancellable operating leases. The nature of the (theoretical) rent has an indefinite duration because there are no fixed rental contract periods.

7. Service charges income

Service charges income can be specified as follows:

	2019	2018
Total service charges	14	16
Non-recoverable service charges	5	6
Service charges income	**9**	**10**

The non-recoverable service charges were mainly caused by partly non-recoverable settlements with associations of owners.

8. Property operating expenses

Property operating expenses can be specified as follows:

	2019	2018
Property (and related) taxes	12	12
Landlord levy	3	4
Property management costs	9	7
Maintenance costs	33	30
Fitting out costs	3	3
Letting and marketing fees	4	3
Miscellaneous operational costs	8	6
Total	**72**	**65**

Operating expenses, including non-recoverable service charges, amounted to 23.3% of gross rental income in 2019 (2018: 25.6%).

Taxes consist primarily of property taxes. The property management costs, letting and marketing fees are management expenses allocated to the property operating expenses.

9. Result on property sales

The result on property sales can be specified as follows:

	2019	2018
Result on property sales of investment property	13	44
Total	**13**	**44**

The total result of €13 million (2018: €44 million) is related to the portfolio sales and individual unit sales.

As indicated in the accounting policies, results from the sale of individual units are based on the book value, which is derived from a specific allocation of the last determined property value before the sale. The sales price (excluding sales expenses) of all the units individually sold is approximately 15% higher than the average vacant value of all the units individually sold.

10. Management expenses

The management expenses comprise:

	2019	2018
Salaries	14	14
Social security charges	2	2
Pension charges	2	2
Depreciation expenses	2	1
Other operating expenses	15	13
Gross property management costs	**35**	**32**
Presented within net rental income	(12)	(14)
Total	**23**	**18**

Management expenses came in at €23 million, €5 million more than the €18 million recorded in 2018 due to lower recharged property sales expenses, lower recharged property sales expenses and higher other operating expenses in 2019.

The Vesteda Companies employed an average of 207 people (2018: 200) in the year under review; this was an average of 189.3 FTEs (2018: 183.4 FTEs). All employees are employed in the Netherlands.

11. Financial results

The financial results can be specified as follows:

	2019	2018
Interest expenses	37	28
Interest income	-	(1)
Amortisation of financing costs	3	2
Total	**40**	**29**

Interest expenses were higher compared to 2018 due to higher average debt and the impact of IFRS16 (€4 million).

12. Unrealised results

The unrealised results can be specified as follows:

	2019	2018
Revaluation investment property	617	760
Revaluation investment property under construction	39	74
Movements in provisions for contractual obligations	(8)	(7)
Results from participating interests	2	(2)
Revaluation right of use landlease	3	-
Total	**653**	**825**

The value of the portfolio increased due to inflow of projects and continuing favourable market conditions, especially in the Fund's primary regions. Revaluation of the right of use of the landlease contracts in the Vesteda portfolio follows from the adoption of the IFRS16 Leases framework in 2019.

13. Tax

The income tax expenses for the year can be reconciled with the accounting profit as follows:

	2019	2018
Result before tax	855	1,032
Income tax expense calculated at 25%	213	258
Effect of income that is exempt from taxation	(212)	(258)
Income tax expense recognised in profit or loss	**1**	**-**

There is no deferred tax asset for tax loss carry forwards and differences in measurement for expected future profitability of Vesteda Project Development B.V..

The total tax loss carry forward can be specified as follows:

2011	14
2012	13
2015	2
2018	4
2019	-
Total	**33**

The tax loss can be carried forward for nine years after the loss is recognised. This deferred tax asset has not been capitalised. Tax losses as from 2019 and onwards can be carried forward for six years after the loss is recognised.

14. Other comprehensive income

The other comprehensive income during the year can be specified as follows:

	2019	2018
Settlement pre-hedge contracts	(6)	-
Revaluation Property, Plant and Equipment	1	2
Total	**(5)**	**2**

15. Investment property

The investment property can be specified as follows:

	2019	2018
Investment property as at 1 January	**7,024**	**4,778**
Acquisitions	-	1,359
Capital expenditure on property	44	34
Transfer from property under construction	246	385
Property sales	(240)	(292)
Right of use assets (land leases)	127	-
Revaluation	617	760
Investment property as at 31 December	**7,818**	**7,024**

The fair value of completed investment property has been determined on a market value basis, in accordance with International Valuation Standards (IVS), as set out by the International Valuation Standards Council (IVSC).

The valuation is prepared on an aggregated ungeared basis. As set out in Note 4, in arriving at their estimates of market values, the valuation experts have used their market knowledge and professional judgement rather than relying exclusively on comparable historical transaction data.

The valuations were performed by accredited external independent real estate valuation experts with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being appraised.

The fair value of the assets is driven by the net cash flows generated by the assets, which are taken into account by the market, in combination with the discount rate development. The generated cash flow is the net rental income plus the net sales proceeds from the sale of individual units.

The following main inputs have been used in the valuation of the investment property:

	2019		2018	
Average	Sell	Hold	Sell	Hold
Discount rate (%)	5.8	5.5	6.4	5.6
Exit yield (%)	4.9	5.0	5.1	5.1
Rental growth (%)	2.1	2.3	2.3	2.3
Vacant value growth (%)	2.7	2.6	2.7	2.9

Sell	2019			2018		
Region	primary	secondary	other	primary	secondary	other
Discount rate (%)	5.8	6.0	6.1	6.4	6.5	6.5
Exit yield (%)	4.9	5.6	6.9	5.0	5.6	7.0
Rental growth (%)	2.2	2.0	1.9	2.3	2.2	2.0
Vacant value growth (%)	2.7	2.3	2.0	2.7	3.1	1.9

Hold	2019			2018		
Region	primary	secondary	other	primary	secondary	other
Discount rate (%)	5.4	6.0	6.2	5.7	5.6	5.4
Exit yield (%)	4.8	6.5	6.3	5.1	5.1	5.7
Rental growth (%)	2.3	2.0	2.1	2.3	2.2	2.4
Vacant value growth (%)	2.7	2.3	2.4	2.9	2.7	2.9

Sell	2019			2018		
Rental segment	<720	720 - 1,200	> 1,200	<711	711 - 1,200	> 1,200
Discount rate (%)	6.1	5.8	5.7	6.4	6.4	6.4
Exit yield (%)	5.3	5.1	4.5	5.9	5.2	4.5
Rental growth (%)	2.2	2.1	2.2	2.1	2.3	2.3
Vacant value growth (%)	2.7	2.6	2.8	2.2	2.7	2.8

Hold	2019			2018		
Rental segment	<720	720 - 1,200	> 1,200	<711	711 - 1,200	> 1,200
Discount rate (%)	5.8	5.5	5.3	5.7	5.6	5.8
Exit yield (%)	5.9	5.0	4.7	5.3	5.1	5.5
Rental growth (%)	2.1	2.3	2.3	2.2	2.3	2.3
Vacant value growth (%)	2.6	2.7	2.5	2.8	2.9	2.8

In almost all segments, the discount rate is higher than the exit yield. This can be explained by the current market in view of increasing prices and decreasing yields for residential complexes. The opposite situation (discount rate < exit yield) in the segment "Other" is caused by the higher investment risk related to this type of real estate (less value-fixed real estate (example: residential complexes in the higher rental segment) is more sensitive to market forces).

These inputs are considered to be the most important drivers in the valuation of investment property.

External independent real estate valuation experts determine the fair values using discounted cash flow models with a 10-year period. When calculating the present values, the valuation experts use discount rates in the DCF models to account for the time value of money and reflect the inherent risk with regard to the cash flows in the model. Exit yields are indicators used to determine the exit values that can be achieved at the end of the DCF lifetime. Rental growth is the average rental growth in the 10-year period of the discounted cash flow model. Vacant value growth is the average vacant value growth in the 10-year period that is assumed in the cash flow model.

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the significant parameters driving the underlying valuation of investment property. The analysis was carried on the investment property value exclusive the value of the right of use asset (land leases).

	-100 bps	Fair value	+100 bps
As at 1 January 2019			
Discount rate	7,463	7,024	6,563
Exit yield	7,672	7,024	6,505
Rental growth	6,715	7,024	7,327
Vacant value growth	6,924	7,024	7,126
As at 31 December 2019			
Discount rate	8,136	7,691	7,231
Exit yield	8,269	7,691	7,252
Rental growth	7,431	7,691	7,950
Vacant value growth	7,535	7,691	7,848

Right of use assets

Under the investment property the right of use of land leases are included as an integral part of the investment property value.

To reconcile the by external independent real estate valuation experts appraised investment property, the value of the investment property value presented should be adjusted by the land lease right of use.

	2019
Investment property value	7,818
less Right of use	(127)
Valuation as per valuation report	**7,691**

16. Investment property under construction

	2019	2018
As at 1 January	**257**	**257**
Acquisitions property under construction	-	121
Capital expenditure on property under construction	150	210
Transfer to investment property	(246)	(385)
Revaluation	39	74
Transfer from provisions	(6)	(20)
As at 31 December	**194**	**257**

As set out in Note 5 , in arriving at their estimates of market values, the external independent real estate valuation experts used their market knowledge and professional judgment, rather than relying exclusively on comparable historical transaction data.

The fair value of the assets under construction is driven by the net future cash flow generated by the assets, in combination with the discount rate development. The generated cash flow includes the net rental income plus the net sales proceeds from the sale of individual units.

The future costs until completion amount to €164 million (2018: €126 million). This amount is included in construction contracts in Note 32 .

17. Property, plant and equipment

	Buildings	Others PP&E	Total
As at 1 January 2018	**13**	**1**	**14**
Investments	1	1	2
Transfer within PP&E	(2)	2	-
Depreciations	(1)	(1)	(2)
Revaluation	2	-	2
As at 31 December 2018	**13**	**3**	**16**
Investments	**-**	**1**	**1**
Transfer within PP&E	-	-	-
Depreciations	-	(1)	(1)
Revaluation	1	-	1
Right of use	-	3	3
As at 31 December 2019	**14**	**6**	**20**

The economic life of the head office of Vesteda in Amsterdam 'De Boel' is set at twenty-five years and the residual value amounts to €5 million. An independent valuation expert valued the building at fair value for an amount of €13 million. For the determination of the fair value, we refer you to the explanation provided in Note 5 .

De Boel cost specification

- Cost price de Boel: €11 million
- Accumulated depreciation: €0 million
- Accumulated revaluation: €3 million
- Balance: €14 million

The investments made in 2019 are largely related to the fixtures & fittings (amortisation period of 10 years) and furniture (amortisation period of five years) for the new office.

The value of the other property, plant and equipment amounts to €6 million (2018: €3 million). Under the application of IFRS16 Leases, the right of use of car lease contracts and office lease contracts is valued at €3 million.

Other property, plant and equipment specification

1. Acquisition costs: €23 million
2. Cumulative depreciation: €20 million
3. Right of use lease contracts: €3 million
4. Gross carrying amount: €6 million

18. Financial assets

The financial assets movements can be specified as follows:

	LRC	Other Participations	Total
Financial assets as at 31 December 2018	**8**	**1**	**9**
Repayment of loans	(6)	-	(6)
Result	1	-	1
Financial assets as at 31 December 2019	**3**	**1**	**4**

	2019	2018
Total invested	21	26
Provision	(17)	(17)
Financial assets as at 31 December	**4**	**9**

In circumstances in which provisions for onerous contracts arise at the same time that financial assets are presented at the balance sheet date for the related contract, these balances are netted at said balance sheet date. In the event of a positive balance, the net position is presented as a financial asset. In the event of a negative balance, the net position is presented as a provision (see Note 24).

19. Trade and other receivables

The trade and other receivables can be specified as follows:

	2019	2018
Loans receivable	17	16
Provision for loans receivable	(13)	(12)
Trade receivables	5	6
Provision for trade receivables	(2)	(1)
Other receivables	4	8
Total	**11**	**17**

Loans receivable relate to amounts overdue for an amount of €17 million (2018: €16 million), for which a provision for doubtful debts was recognised in the amount of €13 million (2018: €12 million). Trade receivables include a provision for doubtful debts of €2 million (2018: €1 million) for overdue amounts. Other receivables consist of €3 million Vesteda portfolio receivables and €1 million prepaid costs.

20. Cash and cash equivalents

The cash and cash equivalents can be specified as follows:

	2019	2018
Cash at bank and on hand	3	11
Total	**3**	**11**

With the exception of €0.1 million in blocked cash (2018: €0.1 million), cash and cash equivalents are at the free disposal of the Fund. The blocked cash covers bank guarantees that were issued as rent guarantees for offices that are in use by Vesteda.

21. Group equity

The participation rights issued can be specified as follows:

	2019	2018
As at 1 January	35,897,595	28,194,804
Issued in the year	-	7,702,791
Redeemed in the year	-	-
As at 31 December	**35,897,595**	**35,897,595**

The participation rights carry a nominal value of €1.00, and all participation rights are fully paid. There are no restrictions relating to dividend and capital distribution. For further information on movements, we refer you to the consolidated statement of changes in equity.

The distributions can be specified as follows:

	2019	2018
January	36	26
April	73	325
July	37	28
August	161	-
October	37	36
Total	**344**	**415**

The interim distributions amount to 60% of budgeted distribution for 2019, and was paid out in three instalments (3 x €36.5 million) in the course of the financial year, each within two weeks after the end of the quarter. The distribution paid in April 2019 also included the €36.2 million distribution (€1.01 per participation right) related to the financial results for 2018.

A redemption of €161.5 million (€4.53 per participation right) concerning the proceeds of a portfolio sale was paid out in August 2019.

The remaining part of the distribution for the financial year 2019 will be paid out in two instalments after the closing of the financial year 2019, one in January, shortly after the fourth quarter, and one after the adoption of the distribution proposal in April 2020. The total distribution proposed for the financial year 2019 will be €189 million.

Vesteda Residential Fund FGR is a mutual fund, which is not classified as a legal entity under Dutch law. Vesteda Residential Fund FGR does therefore not have any legal requirements related to reserves. However, the Fund has decided to present its statement of changes in equities as if the Fund was subject to the rules for the determination of revaluation reserves.

The property reserve is the difference between the market value and historical book value. The revaluation of property is accounted for in the event of positive revaluations. Negative revaluation is deducted from this reserve, as long as the reserve is positive on an individual basis.

In 2019, no new participation rights were issued, redeemed or withdrawn.

In each financial year, participants may request redemption of their participation rights in accordance with the Terms and Conditions and the fund manager will seek to satisfy these redemption requests, for which an amount of at least €50 million will be made available in each financial year. If the participants make no redemption requests during the year, the amount of €50 million available for redemption requests in that particular year will be rolled over to the next year, unless the participants determine otherwise by ordinary consent.

In 2019, no participants submitted a redemption request. It will be proposed to the Annual Meeting of Participants to be held on 8 April 2020 that the amount of €50 million made available for redemption requests in 2019 not be rolled over to the financial year 2020.

Earnings per participation right

Basic earnings per participation right are calculated by dividing the result after tax for the year attributable to equity holders of the parent/participants by the weighted average number of participation rights outstanding during the year. The table below reflects the income and number of participation rights used in the basic earnings per participation right computations:

	2019	2018
Result after tax attributable to equity holders	854	1,032
Weighted average number of participation rights	35,897,595	32,046,200
Earnings per participation right in €		
Basic and diluted earnings, on result after tax	23.79	32.20

There have been no other transactions involving a change in the number of participation rights or the number of potential participation rights between the reporting date and the date these financial statements were completed.

Net asset value (NAV) per participation right

Basic IFRS NAV per participation right is calculated by dividing net assets in the balance sheet attributable to ordinary equity holders of the parent/participants by the number of participation rights at year-end. The following reflects the net asset value and number of participation rights used in the basic NAV per participation right computations:

	2019	2018
NAV attributable to equity holders of the parent	6,022	5,517
Participations at year-end	35,897,595	35,897,595
Net Asset Value (NAV) per participation right in €		
Basic and diluted IFRS NAV	167.74	153.69

There is no difference between basic and diluted IFRS NAV.

22. Financial liabilities

The (non-current) financial liabilities can be specified as follows:

	Bank facilities	Bonds	Private placements	Total
As at 1 January 2018	**275**	**597**	**300**	**1,172**
Drawn	827	500	-	1,327
Repayments	(758)	-	-	(758)
Reclass to Current liabilities	-	(300)	-	(300)
Financing costs	(2)	(2)	-	(4)
Amortisation	1	1	-	2
As at 31 December 2018	**343**	**796**	**300**	**1,439**
Drawn	655	500	-	1,155
Repayments	(991)	-	-	(991)
Reclass to Current liabilities	(8)	-	-	(8)
Financing costs	-	(6)	-	(6)
Amortisation	1	1	-	2
As at 31 December 2019	**-**	**1,291**	**300**	**1,591**

Debt funding
The information below is provided for explanatory purposes with regard to the Vesteda Companies' long-term funding.

The Vesteda Companies obtain their debt funding through various sources:

1. Bank facilities, comprising corporate unsecured bank funding provided by banks.
2. Euro Commercial Paper issued by Vesteda Finance B.V. (see Current liabilities)
3. Bonds, issued by Vesteda Finance B.V. under the EMTN programme.
4. Private Placements under the EMTN programme as well bi-lateral agreements placed by Vesteda Finance.

Corporate unsecured funding
Vesteda Finance B.V. acts as borrower and issuer of all corporate unsecured debt on behalf of Vesteda Residential Fund FGR. As per 31 December 2019, Custodian Vesteda Fund I B.V. acts as a guarantor for all obligations of the corporate unsecured debt that is borrowed or issued by Vesteda Finance B.V.:

1) Bank facilities
In 2019 the existing 700-million revolving credit facility was amended and extended. A Swingline facility is built into the facility agreement and the first extension option was exercised, extending the maturity date by one year to June 1, 2024. The facility has a 5-year initial term plus two 1-year extension options of which one is exercised. The facility is provided by the lenders ABN Amro, Rabobank, BNP Paribas, Deutsche Bank, ING and SMBC. The remaining legal term is 4.4 years. At year-end 2019, the total facility of €700 million was undrawn. Pricing of the revolving credit facility is subject to a margin grid, whereby an LTV below 27.5% equates to a margin of 0.50%. Utilised commitment less than 33.3% equates to a utilisation fee of 0.10%, and utilised commitments exceeding 33.3% but less or equal to 66.7% equate to a utilisation fee of 0.20%. Utilised commitments exceeding 66.7% equate to a utilisation fee of 0.40%.

In 2019 Vesteda repaid the €200 million revolving credit facility with Sumitomo Mitsui Banking Corporation (SMBC) arranged in 2018. A new facility was arranged with SMBC for €200 million which is uncommitted. Being an uncommitted facility it can be terminated at any time, with a Review Date of 31 May 2020. The facility is funded on SMBC's cost of funds plus a margin of 0.50%. The remaining legal term is 0.5 years. At year-end 2019, an amount of €10 million was outstanding and €190 million of this facility was undrawn.

2) Euro Commercial Paper

	ECP
As at 1 January 2018	**-**
Drawn	-
Repayments	-
As at 31 December 2018	**-**
Drawn	1,355
Repayments	(1,140)
As at 31 December 2019	**215**

For the short term funding need, Vesteda introduced the Euro Commercial Paper programme up to €1 billion. Four of Vesteda's house banks act as dealer in this programme. They arrange that the Euro Commercial Paper transactions are distributed to investors. By use of this programme, Vesteda is currently able to fund itself at a negative rate. At year end 2019, this was in use for €215 million. It is required that Vesteda always has sufficient headroom in the Revolving Credit Facility of €700 million, in case Vesteda cannot make use of the Commercial paper market. The total amount of Commercial paper can therefore never exceed the total value of the Revolving Credit Facility.

3) Bonds
In 2019, Vesteda Finance B.V. continued its borrowing of senior unsecured notes that were issued under its programme 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, in line Standard & Poor's credit rating upgrade of Vesteda Residential Fund:

- The first tranche of €300 million senior unsecured notes, 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% and are due on 27 October 2022. The intended remaining term to maturity of the notes is 2.8 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% and are due on 10 July 2026. The intended remaining term to maturity of the notes is 6.5 years.
- In May 2019 Vesteda issued its first Green Bond for an amount of €500 million in senior unsecured notes. The transaction was more than six times oversubscribed. The notes pay an annual fixed coupon of 1.50% and are due on 24 May 2026. The intended remaining term to maturity of the notes is 7.4 years.

4) Private Placements
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 3.18%, payable on a semi-annual basis and are due on 8 May 2021. The intended remaining term to maturity of the notes is 1.4 years.

A second €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%, payable on a semi-annual basis and are due on 16 December 2026. The intended remaining term to maturity of the notes is 7.0 years.

A third tranche of 100 million private placement borrowing in senior unsecured notes under its programme for the issuance of Euro Medium Term Notes (EMTN). Standard & Poor's rated notes BBB+ at the time of issuance:

- A tranche of €35 million senior unsecured notes pay an annual fixed coupon of 1.899% and are due on 15 December 2027. The intended remaining term to maturity of the notes is 8.0 years;
- A tranche of €65 million senior unsecured notes pay an annual fixed coupon of 2.478% and are due on 15 December 2032. The intended remaining term to maturity of the notes is 13.0 years.

23. Lease liabilities

The lease liabilities can be specified as follows:

	2019	2018
Land leases	127	-
Car leases	2	-
Office rental contracts	1	-
Total	**130**	**-**

As of 1 January 2019 IFRS16 is implemented in the balance sheet and P&L. The impact is €130 million. This includes land leases (€127 million), car leases and rent of offices (€3 million).

Land lease liabilities
The land liabilities are calculated based on a perpetual view. These land leases require monthly, quarterly, (semi) annual payments if the lease obligation is not redeemed for a certain time frame. For some land leases, a variable component is applicable based on an index. The lease liabilities are reassessed and re-measured after a new index is applicable or the lease payments are changed after a certain time frame by the lessor based on contractual terms.

The assumptions are based on the value of the contracts, or in case of the land leases based on value of the ground (WOZ) x increase factor (market increase). The weighted average discount rate used in 2019 by Vesteda for discounting the lease payments is 2.62%.

24. Provisions

The current provisions movements can be specified as follows:

	2019	2018
As at 1 January	**4**	**27**
Additions	8	7
Decrease	-	(1)
Used	-	(9)
Transfer to IPUC	(6)	(20)
As at 31 December	**6**	**4**

In circumstances in which provisions for onerous contracts arise at the same time that financial assets are presented at the balance sheet date for the related contract, these balances are netted at said balance sheet date. In the event of a positive balance, the net position is presented as a financial asset. In the event of a negative balance, the net position is presented as a provision.

The current provisions can be specified as follows:

	2019	2018
Contingencies and commitments	5	3
Other provisions	1	1
As at 31 December	**6**	**4**

25. Trade and other payables

The trade and other payables can be specified as follows:

	2019	2018
Trade payables	5	19
Rental deposits	22	19
Interest	12	10
VAT integration levy	1	1
Holiday days and holiday pay	1	1
Tax and social security contributions	4	6
Other payables	41	22
Total	**85**	**78**

26. Transactions with related parties

Vesteda has a pension plan with ABP. In 2019, Vesteda paid premiums in the amount of €2 million (2018: €2 million). This counterparty is also a participant in the Fund. All transactions are at arm's length.

The Management Board and the Supervisory Committee are identified as key management personnel in accordance with IAS 24. The remuneration of the Management Board and the Supervisory Committee is explained in Note 29 and Note 30 respectively.

27. Financial risk management objectives and policies

Vesteda's principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of Vesteda's loans and borrowings is to finance the Vesteda Companies' property portfolio. As part of its business strategy, Vesteda uses debt financing to optimise its equity return by utilising a conservative level of debt leverage.

The Vesteda Companies also have trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from their operations.

Vesteda Residential Fund FGR is exposed to market risk, interest rate risk, credit risk and liquidity risk. Please note that most of this report was written prior to the outbreak of the coronavirus (COVID-19). Vesteda has taken measures regarding the operational activities of the company to prevent the further spread of the virus. It is clear that the impact on the Global and Dutch economy will be severe, but at this point (18 March 2020) it is too early to determine the exact impact.

Vesteda has a well diversified fully unsecured funding structure as explained in the Funding section of this report. At year-end 2019 there was ample headroom in the LTV and ICR covenants (LTV at 23.1% with a covenant of maximum 50% and an ICR of 7.1 versus a covenant minimum of 2.0). The weighted average maturity of our debt is 5.9 year with the next debt redemption scheduled in May 2021 (€100 million). We have a strong liquidity position: At year end 2019 our drawn debt amounted to €1.8 billion whereas our existing liquidity sources amounted to €2.3 billion of committed facilities and €0.9 billion of uncommitted facilities. 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.

Vesteda has fully incorporated 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 Vesteda Management 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.

In addition to the risk management framework, Vesteda also actively manages market risk, interest rate risk, credit risk and liquidity risk as part of its treasury policy.

1) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices. The outbreak of the coronavirus (COVID-19) may impact market prices, but at this point (18 March 2020) it is too early to determine the exact impact.

The financial instruments held by Vesteda Residential Fund FGR 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 2019, Vesteda Residential Fund FGR had no derivative financial instruments outstanding.

Prior to the green bond issue Vesteda arranged two interest rate swaps to hedge risk of interest rate rise. The swaps had a total nominal value of €500 million and were unwound at the date of the green bond issue.

2) 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. Vesteda's exposure to the risk of changes in market interest rates relates primarily to Vesteda's long-term debt obligations with floating interest rates.

Vesteda 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 VRF Terms and Conditions, Vesteda is required to hedge a minimum of 70% of existing interest rate exposure.

To manage its interest rate risk, Vesteda Residential Fund FGR can enter into interest rate swaps or fixed rate debt. With respect to the interest rate swaps, Vesteda may agree 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. As per December 2019, Vesteda Residential Fund FGR has no derivative financial instruments outstanding. At 31 December 2019, 88% of Vesteda's borrowings were subject to a fixed interest rate (2018: 80%).

Sensitivity analyses of market and interest rate risk

Vesteda performed an interest rate risk sensitivity scenario using an immediate increase of one percentage point in the interest rate curve as at 31 December 2019. 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 Vesteda Residential Fund FGR 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 Vesteda's floating debt and fixed debt that matures in one year. Per year end 2019 Vesteda has €225 million of floating debt. An interest rise of 1% would cause an increase of interest expenses of €2.25 million.

3) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations by virtue of a financial instrument or customer contract, leading to a financial loss. Vesteda is exposed to credit risk from its leasing activities and its financing activities, including deposits with banks and financial institutions and derivatives if applicable.

Tenant receivables

Credit risk is managed by requiring tenants to pay rent in advance. Vesteda assesses the credit quality of tenants using an extensive credit rating scorecard at the time they enter into a lease agreement. Vesteda regularly monitors outstanding receivables from tenants. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset. The outbreak of the coronavirus (COVID-19) may result in tenants losing income, which may result in an increase of outstanding receivables and loss of rent. At this point (18 March 2020), it is too early to determine the exact impact.

Credit risk related to financial instruments and cash deposits

Vesteda's treasury department manages credit risk from balances with banks and financial institutions. As part of its treasury policy, Vesteda maintains a formal counterparty policy in respect of those organisations 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.

Vesteda's Management Board reviews counterparty credit limits at least on an annual basis, and may update these at any time in the year should market conditions require any changes to the counterparty credit limits. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

As part of its treasury policy, Vesteda strives for sufficient diversity in Vesteda's counterparties and to limit concentration risk.

4) Liquidity risk

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

Vesteda 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.

Vesteda's treasury department manages liquidity risk with the objective of ensuring that Vesteda has sufficient funds available to meet its financial obligations. As part of its treasury policy, Vesteda 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.

Vesteda's objective is to maintain a balance between continuity of funding and flexibility. Vesteda 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 Vesteda's assets, taking into account a good spread in the maturity profile of its debt portfolio.

The table below summarises the maturity profile of Vesteda's financial liabilities based on contractual undiscounted payments.

Liquidity risk

	On demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Year ended 31 December 2018						
Interest-bearing loans and borrowings	-	-	300	746	700	1,746
Interest	-	-	31	86	53	170
Deposits from tenants	19	-	-	-	-	19
Trade and other payables	10	31	-	-	-	41
	29	**31**	**331**	**832**	**753**	**1,976**
Year ended 31 December 2019						
Interest-bearing loans and borrowings	10	215	-	400	1200	1,825
Interest	-	-	30	123	39	192
Deposits from tenants	22	-	-	-	-	22
Financial derivatives	-	-	-	-	-	-
Trade and other payables	-	53	-	-	-	53
	32	**268**	**30**	**523**	**1,239**	**2,093**

Estimated interest obligations for the revolving credit facility 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 Vesteda Companies' financial instruments and their estimated fair values. Trade and other receivables and Trade and other payables are carried at amortised 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 recognised at fair 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 Vesteda Companies. As a result, their carrying amount approximates their fair value.

The fair value measurement of senior public notes issued by Vesteda Finance B.V. 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 Vesteda Finance B.V. 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 Vesteda Finance B.V. 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.

Financial instruments

Type	Notional amount	Estimated fair value amount	Level valuation
Senior public notes	1,300	1,376	1
Senior private notes	300	322	2
	1,600	**1,698**	

The €1,300 million in senior public notes represented an equivalent fair value estimate of €1,376 million at year-end 2019.

The €200 million in senior private notes represented an equivalent fair value estimate of €210 million at year-end 2019.

The €100 million in senior notes privately placed under the EMTN programme represented an equivalent fair value estimate of €112 million at year-end 2019.

The estimated fair value amounts are exclusive of 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 programme is determined based on inputs other than quoted prices.

28. Capital management

The primary objective of the Vesteda Companies' capital management is to ensure that the Fund remains within its quantitative banking covenants and maintains a strong credit rating. The Vesteda Companies monitor capital primarily using a loan to value (LTV) ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio.

Vesteda's loan facilities have LTV covenants of 50% at VRF level (corporate unsecured debt).

In the year under review, the Vesteda Companies did not breach any of their loan covenants, nor did they default on any other of their obligations under their loan agreements.

Capital management

	2019	2018
Carrying amount of interest-bearing loans and borrowings	1,814	1,739
Capitalised financing costs	11	7
Principal amount of interest-bearing loans and borrowings	**1,825**	**1,746**
External valuation of completed investment property (excl. IFRS16)	7,691	7,024
External valuation of investment property under construction	194	257
Total valuation of investment property	**7,885**	**7,281**
Loan to value ratio	23.1%	24.0%

Vesteda has performed a sensitivity stress test with regard to changes in required gross yield in relation to the loan to value ratio. An increase of the required gross yield of 5.4 percentage points (from 4.4% to 9.8%) would lower the value of the investment property to such extent that an LTV of 50% would be reached.

29. Management Board and other identified staff remuneration

With regard to remuneration, Vesteda is in compliance with the Dutch Financial Supervision Act (FSA) provision on the remuneration of Identified Staff. The Management Board together with the Management Team members are considered Identified Staff, as well as two risk/compliance members (the Compliance Officer and the Internal Audit Manager).

In 2019, the company was charged €884,000 (2018: €907,000) for the remuneration of the Management Board, consisting of €698,000 base salary (2018: €670,000) and €186,000 variable renumeration (2018: €237,000).

In addition, social security charges and pension contributions amounted to €75,000 in 2019 (2018: €69,000) for the Management Board.

The 2019 remuneration charges below include reservations for variable remuneration over 2019 to be awarded in 2020. The variable remuneration to be awarded will have a deferred component. Following the approval of the annual accounts for 2019, the Supervisory Committee will grant the target rewards for the Management Board for the year 2019.

	Management Board	Other Identified Staff*
Charged to the company in 2019 (accrual basis)		
Base salary charges	698,000	461,000
Variable remuneration charges 2019 (for future cash or shares)	186,000	80,000
Social security charges & pension contributions	75,000	96,000
Total charged to the company in 2019	**959,000**	**637,000**
*Other identified staff as employed by the Fund per 31 December 2019		
#Phantom shares granted before 2018	3,780	568
#phantom shares granted in 2018	1,424	504
#phantom shares cashed in 2018	156	90
#phantom shares granted end of 2018	**5,048**	**982**
#phantom shares granted in 2019	1,186	510
#phantom shares cashed in 2019	131	218
#phantom shares granted end of 2019	**6,103**	**1,274**
#Phantom shares not locked up end of 2019	3,696	412
#Phantom shares locked up until May 2020	905	202
#Phantom shares locked up until May 2021	458	216
#Phantom shares locked up until May 2022	570	240
#Phantom shares locked up until May 2023	474	204
Phantom share value as per 31 December 2019	**163.43**	

As per year end 2019, one phantom share represents a value of €163.43 (based on INREV NAV, excluding distribution to be paid for 2019).

The variable bonus scheme for Identified Staff was designed in compliance with the relevant provisions of the Dutch Financial Supervision Act (FSA).

In principle the bonus scheme for Identified Staff entitles the CEO to 26.6% of base salary for 'on target' performances, with a maximum of 40%. It entitles the CFO to 20% of base salary for 'on target' performances, with a 30% maximum. The Internal Auditor and Compliance Officer have no bonus scheme. All other Identified Staff (Director Acquisitions and Director Operations) are entitled to 20% of base salary for 'on target' performance, with a maximum of 30%.

The bonus component is paid based on the achievement of preset qualitative and quantitative goals related to the strategic objectives in the business plan, which are set and evaluated by the remuneration committee of the supervisory committee. The bonus remuneration is divided into a direct and an indirect (deferred) component. Both the direct component and the deferred component are paid out half in so-called phantom shares and half in cash.

The direct component is paid immediately after the one-year performance period, and an indirect, deferred component is paid out or received after a period of three years. The direct phantom share component and the indirect phantom share component are subject to an appropriate retention policy which is aimed at balancing financial rewards with the company's long-term interests.

To achieve an even stronger commitment on the part of the management to the strategy and the business of the Fund, Identified Staff are entitled to exchange the cash component for phantom shares.

The variable remuneration policy for Identified Staff also includes clawback provisions. Up and until 2018 these provisions have not been applicable.

30. Supervisory Committee remuneration

The remuneration for the five Supervisory Committee members in 2019 was €203,000 (2018: €218,000).

31. Service fees paid to external auditors

The management expenses include the following amounts charged by Deloitte for audit services were €494,000 (2018: €403,000), for audit related services €93,000 (2018: €144,000) and for other services nil (2018: nil).

Deloitte did not charge costs related to tax advisory services provided in either year.

32. Contingencies and commitments

The total liabilities for obligations entered into for construction contracts, rental and lease instalments stood at €164 million at end-2019 (2018: €126 million). Rental and lease instalment liabilities are accounted for under Lease liabilities. Vesteda has not provided security for these liabilities. The liabilities can be specified as follows:

	Construction contracts
Due within 1 year	100
Due between 1 and 5 years	64
Total	**164**

As part of the provisions in Note 24 are applicable to the future investment portfolio, the liabilities have also been adapted for the commitments related to the future investment portfolio.

33. New and amended standards and interpretations

New and amended IFRS standards that are effective for the current year

In the current year, Vesteda has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) – and endorsed by the European Union – that are effective for an annual period that begins on or after 1 January 2019. Vesteda did not adopt any new or amended standards issued but not yet effective.

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- IFRS 16 Leases

With the exception of IFRS 16 – as further disclosed in Note 3 of the consolidated financial statements in this report – their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, Vesteda has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and [in some cases] had not yet been adopted by the EU.

- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contracts [not yet adopted by EU]
- Amendments to IFRS 3 Business Combinations [not yet adopted by EU]
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current [not yet adopted by EU]

Vesteda does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

34. Events after balance sheet date

Coronavirus (COVID-19)

Late December 2019, the coronavirus (COVID-19) outbreak started in China and spreading throughout Europe in early 2020. To contain the virus and to prevent further spreading, governments across the globe are taking extreme measures and, in this line, Vesteda has also taken measures regarding the operational activities of the company. At this point, it is unclear how long this pandemic will last, but it is clear that the impact on the Global and Dutch economy will be severe.

At this point (18 March 2020), it is hard to predict the complete impact for Vesteda's business. Initial tests confirm that the business operations continue to run well and that almost all services can be provided to the tenants. Vesteda expects higher costs for tenant turnover and higher frictional vacancy, especially in the higher segment and in some commercial spaces. Furthermore, outstanding receivables and loss of rent will be higher and the value of the assets will be negatively impacted.

Company financial statements

These company financial statements are part of the (complete) 2019 financial statements of Vesteda Residential Fund FGR (Vesteda) and therefore, they should be read in conjunction with the consolidated financial statements of Vesteda, and the 2019 annual report (including the Management report) of Vesteda. Amounts are in € million.

Balance sheet (after proposed appropriation of result)

	Note	31-12-2019	31-12-2018
ASSETS			
Non-current assets			
Investment property	3	7,818	7,024
Investment property under construction	4	126	119
Property, plant and equipment	5	17	13
Financial assets	6	108	114
		8,069	**7,270**
Current assets			
Trade and other receivables	7	6	11
Cash and cash equivalents	8	3	10
		9	**21**
Total assets		**8,078**	**7,291**
EQUITY AND LIABILITIES			
Equity			
Fund equity	9	35	35
General paid in surplus	9	2,040	2,384
Revaluation reserves	9	2,391	1,791
Derivatives reserves	9	(6)	-
Legal reserves	9	3	2
Other reserves	9	1,559	1,305
		6,022	**5,517**
Provisions	10	5	3
Non-current liabilities			
Payables to associated companies	11	1,591	1,389
Lease liabilities		130	
		1,721	**1,389**
Current liabilities			
Payables to associated companies	12	263	321
Trade and other payables	13	67	61
		330	**385**
Total liabilities		**2,051**	**1,774**
Total equity and liabilities		**8,078**	**7,291**

Profit and loss account

For the year ended 31 December 2019; amounts in € million

	Note	2019	2018
Share in result of associated companies	6	(4)	12
Other income and expense after taxation		853	1,022
Result after taxation		**849**	**1,084**

Notes to the company financial statements

1. Corporate information

The company financial statements and the consolidated financial statements of Vesteda Residential Fund FGR and the affiliated entities (the Vesteda Companies) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Management Board on 18 March 2020. Vesteda Residential Fund FGR (the Fund) is a mutual fund. Vesteda Investment Management B.V. is the fund manager, with its registered office and its actual place of business located at De Boelelaan 759, Amsterdam, the Netherlands and filed with the Trade Register at the Chamber of Commerce under number 14071789.

The principal activity of Vesteda Residential Fund FGR is to invest in Dutch residential properties.

The Fund and its manager are subject to the Financial Supervision Act (Wet financieel toezicht 'Wft').

2. Basis of preparation

Vesteda Residential Fund FGR (the fund) is not a legal entity. These financial statements present the company financial information of the fund. The company annual accounts have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. Use has been made of the option extended under Book 2, Article 362, Section 8, Dutch Civil Code to apply the accounting policies used in the consolidated financial statements to the company financial statements.

- For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.
- As a result of the license obtained from the AFM, Vesteda needs to comply with the Alternative Investment Fund Managers Directive (AIFMD). As a consequence, Vesteda needs to adhere to the requirements of Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements are presented in euro and all amounts are rounded to the nearest million, except where otherwise indicated.

Participations in group companies

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by Vesteda FGR. If the net asset value is negative, the participating interest is valued at nil. This likewise takes into account other long-term interests that should effectively be considered part of the net investment in the participating interest. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

Legal reserve for associated companies

The legal reserve for associated companies is formed in the amount of the share of Vesteda FGR in the results and direct increases of the associated companies since the initial valuation of these associated companies at net asset value, insofar as Vesteda FGR cannot realise a distribution without limitations. The statutory reserve for associated companies is determined individually.

3. Investment property

The investment property is made up as follows:

	2019	2018
Investment property as at 1 January	**7,024**	**4,778**
Acquisitions	-	1,467
Capital expenditure on owned property	157	34
Transfer from property under construction	101	277
Property sales	(240)	(292)
Right of use assets (land leases)	127	-
Revaluation	649	760
Investment property as at 31 December	**7,818**	**7,024**

4. Investment property under construction

	2019	2018
As at 1 January	**119**	**179**
Acquisitions property under construction	-	28
Capital expenditure on property under construction	99	145
Transfer from Provisions	(6)	(5)
Transfer to Investment Property	(101)	(277)
Revaluation	15	49
As at 31 December	**126**	**119**

As set out in Note 4, in arriving at their estimates of market values, the valuation experts used their market knowledge and professional judgment, rather than relying exclusively on comparable historical transaction data.

The fair value of the assets under construction is driven by the net future cash flow generated by the assets, in combination with the discount rate development. The generated cash flow includes the net rental income plus the net sales revenues from selling of individual units.

5. Property, plant and equipment

	Buildings
As at 1 January 2018	**11**
Investment	1
Depreciations	(1)
Revaluation	2
As at 31 December 2018	**13**
Investment	-
Depreciations	-
Revaluation	1
Right of use	3
As at 31 December 2019	**17**

6. Financial assets

The financial assets are made up as follows:

		Participations		
	Vesteda Investment Management BV	Vesteda Project Development BV	Vesteda Finance BV	Total
As at 1 January 2018	**17**	**84**	**1**	**102**
Changes in 2018	2	9	1	12
As at 31 December 2018	**19**	**93**	**2**	**114**
Changes in 2019	1	(6)	1	(4)
Other movements	(1)	-	(1)	(2)
As at 31 December 2019	**19**	**87**	**2**	**108**

Besides participations in Vesteda Investment Management BV, Vesteda Finance BV and Vesteda Project Development BV, the fund also has 100% of the participations in Stichting DRF I.

7. Trade and other receivables

The trade and other receivables are made up as follows:

	2019	2018
Trade receivables	3	6
Other receivables	3	5
Total	**6**	**11**

The trade receivables include a provision for doubtfulness of €1 million (2018: €1 million) for overdue amounts.

8. Cash and cash equivalents

The cash and cash equivalents are made up as follows:

	31-12-2019	31
Cash at bank and on hand	3	10
Total	**3**	**10**

Cash and cash equivalents are at the free disposal of the fund.

9. Equity

The participation rights issued can be specified as follows:

	2019	2018
As at 1 January	**35,897,595**	**28,194,804**
Issued in the year	-	7,702,791
As at 31 December	**35,897,595**	**35,897,595**

	Fund equity	General paid in surplus	Reserve				Total equity
			Property	Derivatives	Legal	Other reserve	
As at 1 January 2018	**28**	**1,727**	**1,208**	**(1)**		**857**	**3,819**
Result for the year	-	-	646	1		385	1,032
Other comprehensive income	-	-	-	-	2	-	2
Total comprehensive income	**-**	**-**	**646**	**1**	**2**	**385**	**1,034**
Realised from property sales	-	-	(63)	-		63	-
Capital paid in	7	1,072	-	-		-	1,079
Distribution paid	-	(415)	-	-		-	(415)
As at 31 December 2018	**35**	**2,384**	**1,791**	**-**	**2**	**1,305**	**5,517**
Result for the year	-	-	645	-		209	854
Other comprehensive income	-	-	-	(6)	1	-	(5)
Total comprehensive income	**-**	**-**	**645**	**(6)**		**209**	**849**
Realised from property sales	-	-	(45)	-		45	-
Distribution paid	-	(344)	-	-		-	(344)
As at 31 December 2019	**35**	**2,040**	**2,391**	**(6)**	**3**	**1,559**	**6,022**

Proposals to investors

Proposed appropriation of result for 2019

The Management Board proposes that the profit for the year of €854 million be added to equity. This proposal has been incorporated in the annual report.

Proposed distribution to participants

The Management Board proposes a distribution to participants of €189 million for the year 2019, of which €110 million was paid in the financial year 2019 and €36 million was paid in January 2020. The financial statements will be presented for adoption at the General Meeting of Participants on 8 April 2020. Following the adoption, the remaining €43 million will be paid as a final distribution for 2019.

10. Provisions

The current provisions are made up as follows:

	2019	2018
As at 1 January	**3**	**25**
Additions	8	7
Decrease	-	(15)
Used	-	(9)
Transfer to IPUC	(6)	(5)
As at 31 December	**5**	**3**

11. Payables to associated companies

The financial liabilities are made up as follows:

	Loan Vesteda Finance BV
As at 1 January 2019	**1,389**
Drawn	2,510
Discount	-
Repayments	(2,080)
Reclass to Current liabilities	(224)
Financing costs	(6)
Amortisation	2
As at 31 December 2019	**1,591**

12. Payables to associated companies

	Vesteda Investment Management BV	Vesteda Finance BV	Vesteda Project Development BV	Total
As at 1 January 2019	**17**	**301**	**3**	**321**
Drawn	-	-	22	22
Repaid	(4)	(300)	-	(304)
Transfer from non-current liabilities	-	224	-	224
As at 31 december 2019	**13**	**225**	**25**	**263**

13. Trade and other payables

The trade and other payables are made up as follows:

	2019	2018
Trade payables	6	11
Rental deposits	22	19
Interest	12	10
VAT integration levy	1	1
Tax and social security contributions	3	4
Other	23	16
Total	**67**	**61**

14. Other comprehensive income

The other comprehensive income arising during the year are made up as follows:

	2019	2018
Settlement pre-hedge contracts	(6)	-
Revaluation Property, Plant and Equipment	1	2
Total	**(5)**	**2**

15. Transactions with associated companies

In 2019 transactions have been made between Vesteda FGR, Vesteda Finance BV, Vesteda Investment Management BV and Vesteda Project Development BV for loans provided and interest accrued.

At year-end the balances relating to these loans amount to:

Vesteda Finance BV:	€1.82 billion
Vesteda Investment Management BV:	€13 million
Vesteda Project Development BV:	€25 million

In 2019 also transactions have been made between Vesteda FGR and Vesteda Investment Management BV for management expenses charged from Vesteda Investment Management BV to the fund for an amount of €24.4 million.

Reference is made to Note 34 of the notes to the consolidated financial statements for a description of the events after balance sheet date.

Signing of the financial statements

Amsterdam, 18 March 2020

Signed by:

G.S. Van der Baan
CEO

F. Vervoort
CFO

16. Other information

Appropriation of result according to the Fund's Terms and Conditions
In Article 22 of the Fund's Terms and Conditions regulations the following has been presented concerning the appropriation of result: Subject to the retention of reserves as reasonably deemed necessary by the Manager, all Distributable Income allocated for distribution shall be distributed to the Participants pro rata their respective Participation Rights. Distributable Income means the realised result less the result on property sales, provided that if the amount calculated pursuant to the above formula is less than zero, it shall be deemed to be zero.

Independent auditor's report
Reference is made to the auditor's report as included hereinafter.

Independent auditor's report

To the participants and the Supervisory Committee of Vesteda Residential Fund FGR

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the accompanying financial statements 2019 of Vesteda Residential Fund FGR, based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Vesteda Residential Fund FGR as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Vesteda Residential Fund FGR as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2019.
2. The following statements for 2019: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2019.
2. The company profit and loss account for 2019.
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 Residential Fund FGR in accordance with 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.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at €60 million. The materiality is based on 1% of group equity. 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 the Supervisory Committee that misstatements in excess of €3 million, 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.

Scope of the group audit

Vesteda Residential Fund FGR is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Vesteda Residential Fund FGR.

Our group audit mainly focused on significant group entities.

We have performed all audit procedures ourselves for all group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Emphasis of the impact of COVID-19 virus

The coronavirus (COVID-19) also impacts Vesteda Residential Fund FGR. Management disclosed the current impact and her plans to deal with these events or circumstances on page 118 of the financial statements. Management indicates that it is currently not possible for them to properly estimate the impact of the coronavirus on the financial performance and health of Vesteda Residential Fund FGR. Our opinion is not modified in respect of this matter.

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 the Supervisory 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.

Risk	Audit Response
Fair value of investment property	
The valuation of the investment properties in operation and investment properties under construction ("investment property") is significant to our audit due to their magnitude and their valuation is complex and highly dependent on a range of estimates (among others, rental value, vacancy rates, yields, vacant value). The valuation is performed in accordance with IAS 40/IFRS 13 which is based on an extensive internal valuation process and determined by external appraisers. The valuation of the investment property is set out in Note 15 of the consolidated financial statements.	Management uses external appraisers to support its determination of the individual fair value of the investment property. Among others, we have considered the objectivity, independence and expertise of the external appraisers, assessed the appropriateness of the property related data, including estimates as used by the external appraisers (among others, rental value, vacancy rates, yields, vacant value). In addition we used our real estate and valuation specialists to assist us in challenging the external valuations. We have challenged management and the external appraisers about the appropriateness of the property related data, used estimates and the (movements in) fair value of the investment property. Furthermore, we discussed with the external appraisers their valuation reports and our findings. We also assessed the appropriateness of the disclosures relating to the assumptions, as we consider them likely to be important to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.

Report on the other information included in the annual report

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

- Management Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other included information.

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 Management 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 the Supervisory Committee as auditor of Vesteda Residential Fund FGR on April 1, 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and 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 Supervisory 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 e.g.:

- 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory 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.

We provide the Supervisory 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 Supervisory 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, 18 March 2020

Deloitte Accountants B.V.

Signed on the original: J. Holland

Vesteda Residential Fund FGR financial overviews in accordance with INREV valuations principles

INREV financial statements

General introduction

To provide investors with information on the transition from Net Asset Value (NAV) according to IFRS to adjusted NAV based on INREV valuation principles, the Vesteda Residential Fund FGR (VRF FGR) also publishes its financial statements in accordance with the INREV valuation principles.

The fundamental assumption underlying the adjusted INREV NAV of VRF FGR is that it should give a more accurate reflection of the economic value of VRF FGR and a participation in VRF FGR, as it would be realised by a participant in a theoretical sale, as of the balance sheet date, assuming an arm's length transaction, a willing buyer/seller and an adequate time to market.

The adjusted INREV NAV is based on the IFRS valuation principles plus the deviations described below.

	Note	Actual impact on 2019 figures	Actual impact on 2018 figures
NAV per the IFRS financial statements			
Reclassification of certain IFRS liabilities as components of equity			
Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	1	N/A	N/A
Effect of dividends recorded as a liability which have not been distributed	2	N/A	N/A
NAV after reclassification of equity-like interests and dividends not yet distributed			
Fair value of assets and liabilities			
Revaluation to fair value of investment properties	3	N/A	N/A
Revaluation to fair value of self-constructed or developed investment property	4	N/A	N/A
Revaluation to fair value of investment property held for sale	5	N/A	N/A
Revaluation to fair value of property that is leased to tenants under a finance lease	6	N/A	N/A
Revaluation to fair value of real estate held as inventory	7	N/A	N/A
Revaluation to fair value of other investments in real assets	8	N/A	N/A
Revaluation to fair value of indirect investments not consolidated	9	N/A	N/A
Revaluation to fair value of financial assets and financial liabilities	10	Yes	Yes
Revaluation to fair value of construction contracts for third parties	11	N/A	N/A
Set-up costs	12	N/A	N/A
Acquisition expenses	13	Yes	Yes
Contractual fees	14	N/A	N/A
Effects of the expected manner of settlement of sales/vehicle unwinding			
Revaluation to fair value of savings of purchaser's costs such as transfer taxes	15	N/A	N/A
Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	16	N/A	N/A
Effect of subsidiaries having a negative equity (non-recourse)	17	N/A	N/A
Other adjustments			
Goodwill	18	N/A	N/A
Non-controlling interest effects of INREV adjustments	19	N/A	N/A
INREV NAV			

Consolidated statement of profit or loss and other comprehensive income in accordance with INREV valuation principles

For the year ended 31 December 2019; amounts in € million

	2019 IFRS	Adj.	2019 INREV	2018 IFRS	Adj.	2018 INREV
Gross rental income	329		329	281		281
Service charge income	9		9	10		10
Property operating expenses (excluding service charges)	(72)		(72)	(65)		(65)
Service charges	(14)		(14)	(16)		(16)
Net rental income	**252**		**252**	**210**		**210**
Result on disposals	13		13	44		44
Management expenses	(23)		(23)	(18)		(18)
Financial results	(40)		(40)	(29)		(29)
Realised result before tax	**202**		**202**	**207**		**207**
Unrealised result	**653**		**653**	**825**		**825**
Result before tax	**855**		**855**	**1,032**		**1,032**
Tax	(1)		(1)	-		-
Result after tax (attributable to equity holders of the parent)	**854**		**854**	**1,032**		**1,032**
Other comprehensive income that will be reclassified subsequently to profit or loss						
- Settlement pre-hedge contracts	(6)		(6)	-		-
Positive revaluation on Property, Plant and Equipment	1		1	2		2
Fair value adjustment on liabilities	-	(93)	(93)	-	39	39
Acquisition costs on Investment property (under construction)	-	(7)	(7)	-	27	27
Other comprehensive income, net of tax	**1**		**(105)**	**2**		**68**
Total comprehensive income (attributable to equity holders of the parent)	**855**		**749**	**1,034**		**1,100**

Consolidated statement of financial position in accordance with INREV valuation principles

Amounts in € million

	31 December 2019 IFRS	Adj.	31 December 2019 INREV	31 December 2018 IFRS	Adj.	31 December 2018 INREV
Assets						
Non-current assets						
Intangible fixed assets	8		8	3		3
Investment property	7,818	22	7,840	7,024	29	7,053
Investment property under construction	194		194	257		257
Property, plant and equipment	20		20	16		16
Financial assets	4		4	9		9
	8,044		8,066	7,309		7,338
Current assets						
Trade and other receivables	11		11	17		17
Cash and cash equivalents	3		3	11		11
	14		14	28		28
Total assets	**8,058**	**22**	**8,080**	**7,337**	**29**	**7,366**
Equity and liabilities						
Equity						
Group equity	6,022	(76)	5,946	5,517	24	5,541
Non-current liabilities						
Financial liabilities	1,591	98	1,689	1,439	5	1,444
Lease liabilities	130		130			
	1,721	98	1,819	1,439	5	1,444
Current liabilities						
Financial liabilities	224		224	300		300
Provisions	6		6	4		4
Trade and other payables	85		85	78		78
	315		315	382		382
Total liabilities	**2,036**	**98**	**2,134**	**1,820**	**5**	**1,825**
Total equity and liabilities	**8,058**	**22**	**8,080**	**7,337**	**29**	**7,366**

Consolidated statement of changes in equity in accordance with INREV valuation principles

For the year ended 31 December 2019; amounts in € million

		Reserve					
	Fund Equity	General paid-in surplus	Property	Derivatives	Legal	Other reserve	Total equity
As at 1 January 2018	**28**	**1,727**	**1,188**	**-**	**5**	**830**	**3,778**
Result for the year	-	-	680	-		352	1,032
Other comprehensive income	-	-	2	-		66	68
Total comprehensive income	**-**	**-**	**682**	**-**		**418**	**1,100**
Realised from property sales	-	-	(63)	-		63	-
Capital paid in	7	1,072	-	-		-	1,079
Distribution paid	-	(415)	-	-		-	(415)
Changes according to INREV	-	-	27	-		(27)	-
As at 31 December 2018	**35**	**2,383**	**1,834**	**-**	**5**	**1,284**	**5,541**
Result for the year	-	-	644	-	3	207	854
Other comprehensive income	-	-		(6)	1	(100)	(105)
Total comprehensive income	**-**	**-**	**644**	**(6)**	**4**	**107**	**749**
Realised from property sales	-	-	(45)	-		45	-
Distribution paid	-	(344)	-	-		-	(344)
Changes according to INREV	-	-	(7)	-		7	-
As at 31 December 2019	**35**	**2,039**	**2,426**	**(6)**	**9**	**1,443**	**5,946**

Certain figures have been rounded off; consequently, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

INREV expense metrics

	2019	2018
Total Expense Ratio (NAV)	0.41%	0.41%
Total Expense Ratio (GAV)	0.30%	0.31%
Real Estate Expense Ratio (GAV)	0.98%	1.13%

The decrease in ratio of the Total Expense Ratio (both NAV and GAV) from 2018 to 2019 is mainly due to the value increase of assets under management in 2019.

Fund expenses are the management expenses in the consolidated statement of comprehensive income. Property-specific expenses are the property operating expenses, including non-recoverable service charges in the consolidated statement of comprehensive income.

The weighted average INREV NAV is calculated as the closing INREV net asset value of five individual quarters (Q4 2018 – Q4 2019), divided by five. The quarterly figures for Q1, Q2 and Q3 2019 are unaudited.

The weighted average INREV GAV is calculated as the closing INREV gross asset value of five individual quarters (Q4 2018 – Q4 2019), divided by five. The quarterly figures for Q1, Q2 and Q3 2019 are unaudited.

The Total Expense Ratio (NAV) is calculated by dividing the fund expenses by the weighted average INREV net asset value.

The Total Expense Ratio (GAV) is calculated by dividing the fund expenses by the weighted average INREV gross asset value.

The Real Estate Expense Ratio (GAV) is calculated by dividing the property-specific expenses by the weighted average INREV gross asset value.

Notes to the INREV financial statements

Amounts in € million

	Note	31-12-2019	31-12-2018
NAV per the IFRS financial statements		6,022	5,517
Reclassification of certain IFRS liabilities as components of equity			
Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	1		
Effect of dividends recorded as a liability which have not been distributed	2		
NAV after reclassification of equity-like interests and dividends not yet distributed		6,022	5,517
Fair value of assets and liabilities			
Revaluation to fair value of investment properties	3		
Revaluation to fair value of self-constructed or developed investment property	4		
Revaluation to fair value of investment property held for sale	5		
Revaluation to fair value of property that is leased to tenants under a finance lease	6		
Revaluation to fair value of real estate held as inventory	7		
Revaluation to fair value of other investments in real assets	8		
Revaluation to fair value of indirect investments not consolidated	9		
Revaluation to fair value of financial assets and financial liabilities	10	(98)	(5)
Revaluation to fair value of construction contracts for third parties	11		
Set-up costs	12		
Acquisition expenses	13	22	29
Contractual fees	14		
Effects of the expected manner of settlement of sales/vehicle unwinding			
Revaluation to fair value of savings of purchaser's costs such as transfer taxes	15		
Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	16		
Effect of subsidiaries having a negative equity (non-recourse)	17		
Other adjustments			
Goodwill	18		
Non-controlling interest effects of INREV adjustments	19		
INREV NAV		**5,946**	**5,541**

1 Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders' long-term interests in a vehicle

Investors' capital can take various forms aside from equity; examples include shareholder loans and hybrid capital instruments, such as convertible bonds. Some vehicles are structured via a combination of equity participations and shareholder loans.

Shareholder loans and hybrid capital instruments are generally seen as part of the investors' overall interest in the vehicle.

Since investors in VRF FGR only invest via participation rights according to the Terms and Conditions, no adjustment was applicable.

2 Effect of dividends recorded as a liability that have not yet been distributed

Under certain circumstances, dividends are recorded as a liability but have not yet been legally distributed.

For the determination of INREV NAV, these accrued dividends should be reversed to the NAV.

As per 31 December 2019, no adjustment was applicable, as no distributions were recorded as a liability.

3 Revaluation to fair value of investment properties
After initial recognition, investment property is valued at fair value under the fair value option of IAS 40.

As investment properties are valued at fair value, no adjustment had to be made as per 31 December 2019.

4 Revaluation to fair value of self-constructed or developed investment property
Development property is IPUC (investment property under construction) and valued at fair value under the fair value option of IAS40.

As IPUC is valued at fair value, no adjustment had to be made as per 31 December 2019.

5 Revaluation to fair value of investment property held for sale
Assets in this category should be measured under IFRS at the lower of cost or net realisable value in the financial statements. The adjustment represents the impact on NAV of the revaluation of the property intended for sale, measured at cost, to fair value.

As per 31 December 2019, no adjustment was applicable, as no properties intended for sale have been identified and all investment properties have been valued at fair value.

6 Revaluation to fair value of property that is leased to tenants under a finance lease
Property that is leased to tenants under a finance lease is initially measured on a net investment basis and subsequently re-measured based on an amortisation pattern reflecting a constant rate of return. The adjustment represents the impact on NAV of the revaluation of the finance lease receivable to fair value.

As per 31 December 2019, no adjustment was made since no property was held that is leased to tenants under a finance lease.

7 Revaluation to fair value of real estate held as inventory
Properties intended for sale and accounted for under IAS 2 (Inventory) are measured at the lower of cost or net realisable value in the financial statements.

This adjustment represents the impact on the NAV of the revaluation of such properties to net realisable value (fair value less disposal costs). This adjustment should be included under the caption 'revaluation to fair value of real estate held as inventory'.

As per 31 December 2019, no adjustment was applicable, since VRF FGR has no inventory property.

8 Revaluation to fair value of other investments in real assets
Under IAS 16, other investments in real assets are normally accounted for at cost. The adjustment represents the impact on NAV of the revaluation of other investments in real assets to fair value in accordance with the fair value assumptions under IFRS 13.

As per 31 December 2019, no adjustment was made since VRF FGR has no investments in real assets.

9 Revaluation to fair value of indirect investments not consolidated
Indirect investments in real estate, such as investments in associations and joint ventures, have different accounting treatments and carrying values under IFRS. Such investments can be valued at cost, fair value or NAV.

The adjustment represents the impact on NAV of the revaluation of indirect investments to fair value if not yet accounted for at fair value.

As per 31 December 2019, no adjustment had been made, since all indirect investments in real estate are valued at fair value.

10 Revaluation to fair value of financial assets and liabilities (including revaluation to fair value of debt obligations)

Financial assets and liabilities such as debt obligations are generally measured at amortised cost, taking into account any impairment when applicable. The adjustment represents the impact on NAV of the revaluation of financial assets and financial liabilities to fair value as determined in accordance with IFRS.

As per 31 December 2019, an adjustment was made for the revaluation to fair value of the fixed interest debt financial liabilities of €98 million (2018: €5 million). This adjustment relates to the senior unsecured notes (bonds issued in 2015, 2018, and 2019), the private placement borrowings with PRICOA Capital Group (arranged in 2014 and 2016) and EMTN private placements arranged in 2017.

No adjustments have been made for other financial assets and liabilities, as these were already valued at fair value in accordance with IFRS principles.

11 Revaluation to fair value of construction contracts for third parties

Under IAS11, construction contracts for third parties are normally accounted for based on the stage of completion.

The adjustment represents the impact on NAV of the revaluation of construction contracts for third parties to fair value in accordance with the fair value principles of IFRS 13.

As per 31 December 2019, no adjustment had been made, since VRF FGR has no construction contracts for third parties.

12 Set-up costs

Under IFRS, vehicle set-up costs are charged immediately to income after the inception of a vehicle. Such costs should be capitalised and amortised over the first five years of the term of the vehicle. The rationale for capitalising and amortising set-up costs is to better reflect the duration of the economic benefits to the vehicle.

The adjustment represents the impact on NAV of capitalising and amortising set-up costs over the first five-year period rather than charging them immediately to the income statement.

No adjustment has been made for set-up costs, as no set-up costs for VRF FGR have been incurred in the last five years.

13 Acquisition expenses

Under the fair value model, the acquisition expenses related to an investment property are effectively charged to income when fair value is calculated at the first subsequent measurement date after acquisition. This results in the fair value of a property upon subsequent fair value measurement being lower than the total purchase price of the property, all other things being equal. Property acquisition expenses should be capitalised and amortised over the first five years after acquisition of the property.

The rationale for capitalising and amortising acquisition expenses is to better reflect the duration of the economic benefits of these costs to the vehicle.

When capitalising and amortising acquisition costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated when market circumstances change and the owner of an investment property does not expect to be able to recover the capitalised acquisition costs through the sale of units of a vehicle. When a property is sold during the amortisation period or is classified as held for sale, the balance of capitalised acquisition expenses of that property should be expensed.

This adjustment represents the impact on NAV of the capitalisation and amortisation of acquisition expenses over the period from acquisition of the specific asset to five years after initial closing.

As per 31 December 2019, Vesteda had made an adjustment of €22 million for any acquisition expenses paid on the current portfolio.

14 Contractual fees

A liability represents a present obligation as a result of past events. A fee payable at the end of the life of a vehicle or at any other time during the life of a vehicle may not meet the criteria for recognition as a provision or liability in accordance with IFRS at the reporting date.

Examples of such fees include performance fees, disposal fees, or liquidation fees, representing a present obligation from contractual arrangements.

Most of these fees are normally accrued under IFRS accounting rules. The adjustment represents the impact on the NAV of the amount of the estimated contractual fees payable based on the current NAV of the vehicle in the rare circumstances in which these fees are not already recognised in financial statements produced under IFRS and it is probable that they will be incurred. In order to determine the amount of the adjustment, reference should be made to IFRS standards for the measurement (but not necessarily the recognition) of provisions or deferred liabilities.

As per the balance sheet date, all contractual fees and contingent liabilities had been recognised in accordance with IFRS.

VRF FGR did not enter into any other contractual fees or contingent liabilities that are not presented in the accounts as per the balance sheet date.

15 Revaluation to fair value of savings of purchaser's costs such as transfer taxes

Transfer taxes and purchaser's costs which would be incurred by the purchaser when acquiring a property are generally deducted when determining the fair value of investment properties under IAS 40. The effect of an intended sale of shares in a property-owning vehicle, rather than the property itself, should be taken into account when determining the amount of the deduction of transfer taxes and purchaser's costs, to the extent that this saving is expected to accrue to the seller when the property is sold.

The adjustment therefore represents the positive impact on the NAV of the possible reduction of the transfer taxes and purchaser's costs for the benefit of the seller based on the expected sale of shares in the property-owning vehicle.

VRF FGR has no investment property structured in special purpose vehicles.

16 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments

Under IFRS, deferred tax assets and liabilities are measured at the nominal statutory tax rate. The manner in which the vehicle expects to realise deferred tax (for example, for investment properties through share sales rather than direct property sales) is generally not taken into consideration.

The adjustment represents the impact on the NAV of the difference between the amount determined in accordance with IFRS and the estimate of deferred tax that takes into account the expected manner of settlement (i.e. when tax structures and the intended method of disposal or settlement of assets and liabilities have been applied to reduce the actual tax liability).

As per 31 December 2019, no adjustment had been made as VRF FGR has not valued deferred tax assets and liabilities on the balance sheet. Furthermore, no adjustment for the INREV NAV adjustments is required as VRF FGR is transparent for tax purposes.

17 Effect of subsidiaries having a negative equity (non-recourse)

The NAV of a consolidated group under IFRS may include the net liability position of subsidiary undertakings. In practice, however, the group may have neither a legal nor a constructive obligation to fund the accumulated losses in situations where the financing of the subsidiaries is non-recourse to the vehicle. In this scenario, it is appropriate to make an adjustment when calculating the INREV NAV in order to recognise the group's interest in such subsidiaries at nil or an adjusted negative amount rather than at a full net liability position, to the extent there is no intention or obligation on the part of the vehicle to make good those losses.

The adjustment represents the positive impact on the NAV of the partial or full reversal of the negative equity of the specific subsidiary. If the vehicle has granted shareholder loans to the subsidiary, these should be taken into account.

As per 31 December 2019, no adjustment had been made since VRF FGR has no subsidiaries with a negative equity that are valued at zero and are included in the consolidation.

18 Goodwill

Upon the acquisition of an entity that has been determined to be a business combination, goodwill may arise as a result of a purchase price allocation exercise.

A major component of such goodwill in property vehicles often reflects the difference between the full recognition of deferred tax, purchaser's costs or similar items in the IFRS accounts (which does not generally take into account the likely or intended method of subsequent exit), and the economic value attributed to such items in the actual purchase price.

Except where such components of goodwill have already been written off in the NAV, as determined under IFRS, they should be written off in the INREV NAV.

As per 31 December 2019, no adjustment had been made, since VRF FGR has no goodwill valued on the balance sheet.

19 Non-controlling interest effects on the above adjustments

This adjustment represents the impact on the NAV of the recognition of non-controlling interests on all of the above adjustments.

As per 31 December 2019, no adjustment had been made, since VRF FGR has no material adjustments that arise from its non-controlling interests.

Independent auditor's report

To the participants and the Supervisory Committee of Vesteda Residential Fund FGR

Report on the financial overviews in accordance with INREV valuation principles

Our opinion
We have audited the accompanying financial overviews 2019 of Vesteda Residential Fund FGR, based in Amsterdam.

In our opinion the financial overviews are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the fund, i.e. INREV valuation principles, as set out on page 132 up to and including page 141.

The financial overviews comprise:

1. The consolidated statement of financial position as at 31 December 2019.
2. The following statements for 2019: the consolidated statements of profit or loss and other comprehensive income and changes in equity.
3. The notes comprising a summary of the significant 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 overviews" section of our report.

We are independent of Vesteda Residential Fund FGR in accordance with 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.

Description of responsibilities for the financial overviews

Responsibilities of management and the Supervisory Committee for the financial overviews
Management is responsible for the preparation of the financial overviews in accordance with the accounting policies selected and disclosed by the fund (INREV valuation principles) as set out on page 132 up to and including page 141.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial overviews that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial overviews
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 have detected all material errors and fraud.

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 overviews. 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial overviews, 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.
- Evaluating the overall presentation, structure and content of the financial overviews, including the disclosures.
- Evaluating whether the financial overviews represent the underlying transactions and events free from material misstatement.

We communicate with management and the Supervisory 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.

Amsterdam, 18 March 2020

Deloitte Accountants B.V.

Signed on the original: J. Holland

Annexes

Annexes

Annex 1: Key figures 2010-2019

	2019 IFRS	2018 IFRS	2017 IFRS	2016 IFRS	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2011 DG	2010 DG
Statement of financial position (€ million, year-end)											
Total assets	8,058	7,337	5,084	4,375	3,839	3,667	3,782	4,158	4,497	4,513	4,707
Equity	6,022	5,517	3,819	3,045	2,629	2,262	2,280	2,423	2,670	2,671	2,793
Debt capital	1,825	1,739	1,172	1,237	1,098	1,265	1,350	1,523	1,649	1,649	1,695
Leverage (%)	23	24	23	28	29	35	36	37	37	37	36
Portfolio value (€ million, year-end)											
Development portfolio	188	257	257	135	77	13	23	12	24	76	163
Investment portfolio	7,818	7,024	4,778	4,207	3,726	3,593	3,655	3,970	4,265	4,248	4,402
Total portfolio	**8,006**	**7,281**	**5,035**	**4,342**	**3,803**	**3,605**	**3,678**	**3,982**	**4,289**	**4,324**	**4,565**
Units (year-end)											
Number of residential units	27,290	27,809	22,454	22,629	22,599	22,990	23,791	25,100	25,828	25,828	26,732
Number of parking/garage spaces	9,716	9,830	9,226	9,094	9,293	9,335	9,527	10,217	10,427	10,427	10,177
Commercial space (COG, m2)	44,631	45,106	38,722	35,406	34,319	36,359	36,640	50,491	55,410	55,410	57,515
Net rental income (€ million)											
Investment portfolio, at start of year	7,024	4,778	4,207	3,726	3,593	3,655	3,970	4,265	4,402	4,402	4,484
Time Weigthed Average portfolio	7,560	5,967	4,473	3,969	3,642	3,613	3,631	4,058	4,334	4,334	4,443
Net rental income	252	210	184	182	176	176	181	177	173	173	175
Net rental income (%)	3.3	3.5	4.1	4.6	4.8	4.9	5.0	4.4	4.0	4.0	3.9
Result (€ million)											
Realised result from letting & sales	201	207	138	141	122	110	104	98	88	89	110
Realised result from project development	-	-	-	1	-	4	(1)	(1)	(4)	(13)	(27)
Unrealised results	653	825	544	391	169	22	(163)	(234)	(138)	(123)	(177)
Total operating result	**854**	**1032**	**682**	**533**	**291**	**136**	**(60)**	**(137)**	**(49)**	**(47)**	**(94)**
Derivatives	-	-	18	4	25	(4)	41	(30)	11	11	21
- revaluation	-	-	6	4	11	(16)	41	(30)	11	11	21
- unwind	-	-	12	-	14	12	-	-	-	-	-
Revaluation of PPE	1	2	1	-	-	-	-	-	-	-	-
Settlement pre-hedge contracts	(6)										
Total comprehensive result	**849**	**1,034**	**701**	**537**	**316**	**132**	**(19)**	**(167)**	**(38)**	**(36)**	**(73)**
Return (% of time weighted average equity)											
Realised return from letting	3.6	4.6	4.1	5.1	5.0	4.8	4.4	3.8	3.1	3.1	3.6
Realised return from project development	0.0	0.0	0.0	0.0	0.0	0.2	(0.1)	0.0	(0.4)	(0.4)	(0.7)
Unrealised return	11.4	18.4	16.3	14.2	7.0	1.0	(6.9)	(9.1)	(4.5)	(4.5)	(6.2)
Total operating return	**15.0**	**23.0**	**20.4**	**19.3**	**12.0**	**6.0**	**(2.5)**	**(5.3)**	**(1.7)**	**(1.8)**	**(3.3)**
Revaluation of derivatives and Other comprehensive income	(0.1)	-	0.5	0.2	1.0	(0.2)	1.7	(1.2)	0.4	0.4	0.7
Total comprehensive return	**14.9**	**23.0**	**20.9**	**19.5**	**13.0**	**5.8**	**(0.8)**	**(6.5)**	**(1.3)**	**(1.4)**	**(2.5)**
Distribution to investors (€ million)											
Opening equity	5,517	3,819	3,045	2,629	2,262	2,280	2,423	2,670	2,799	2,793	2,941
Time weigthed average equity	5,708	4,481	3,350	2,766	2,426	2,284	2,364	2,571	2,735	2,732	2,867
Paid distribution to investors*	344**	415	206	121	107	100	74	120	109	109	84

	2019 IFRS	2018 IFRS	2017 IFRS	2016 IFRS	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2011 DG	2010 DG
Distribution to investors (%)	6.0	9.3	6.1	4.4	4.4	4.4	3.1	4.7	4.0	4.0	2.9
Distribution to investors (€ per participation)											
Opening equity	153.69	135.44	118.03	101.93	94.07	92.77	96.47	104.15	109.29	109.06	114.87
Time weigthed average equity	159.01	158.92	129.88	107.23	100.91	92.93	94.09	100.27	107.00	106.88	111.98
Paid distribution to investors*	9.58	14.72**	7.98	4.71	4.43	4.07	2.95	4.68	4.25	4.25	3.28
Distribution to investors (%)*	6.0	9.3	6.1	4.4	4.4	4.4	3.1	4.7	4.0	4.0	2.9
Other											
Occupancy rate (%, year-end)	98.4	97.5	97.6	97.8	97.9	96.6	96.1	95.6	95.7	95.7	95.2
Employees (FTE, year-end)	194	188	176	181	179	189	227	253	305	305	332

* Based on number of participations at start of year.

** Including capital repayment related to portfolio sale.

Annex 2: Members of the Management Board and Management Team

From left to right: Gertjan van der Baan *(CEO)*, Astrid Schlüter *(director Operations)*, Frits Vervoort *(CFO)* and Pieter Knauff *(director Acquisitions)*

The Vesteda Management Board consists of Gertjan van der Baan (CEO) and Frits Vervoort (CFO).

Gertjan van der Baan (1968)

Chairman of the Management Board since 1 January 2014. Second term of office ends in December 2021.

As Chief Executive Officer, Gertjan van der Baan is responsible for portfolio strategy, acquisitions, HR Management, Investor Relations and Corporate Sustainability and Social Responsibility. Before joining Vesteda, Gertjan van der Baan was chairman of the Managing Board of Dutch residential property investor Nationaal Grondbezit 'Nagron'. Nagron is part of the Rotterdam-based investor Van Herk Group, where he also served as CEO from 2009. Prior to joining Van Herk Group, Gertjan van der Baan worked at merchant bank Kempen & Co in the field of Corporate Finance for close to nine years.

Frits Vervoort (1962)

Member of the Management Board since 1 November 2016. First term of office ends in October 2020.

As Vesteda CFO, Frits Vervoort's responsibilities include accounting, control & reporting, risk, legal/compliance, operations, IT and treasury.

Frits Vervoort has extensive background in finance and management and more than 10 years' experience as a CFO. His previous employers include Vedior NV, where he was CFO and a member of the Board of Management from 2001 to 2008, when Vedior was acquired by Randstad NV. Immediately prior to joining Vesteda, Frits Vervoort was CFO and a member of the Executive Board of Grontmij NV.

In addition to Gertjan van der Baan and Frits Vervoort, the Vesteda Management Team consists of Astrid Schlüter and Pieter Knauff:

Astrid Schlüter (1969)

Astrid Schlüter joined Vesteda in 2013 as director Property Management and was appointed as director Operations in October 2016. Astrid Schlüter studied econometrics and started her career at accountancy firm EY. After EY, Astrid Schlüter worked at Jacobus Recourt B.V., where she held the position of Managing Director/Owner in her last five years with the company.

Pieter Knauff (1977)

Pieter Knauff joined Vesteda in 2015 and was appointed as director Acquisitions in July 2016. Before joining Vesteda, Pieter Knauff spent over 10 years at Van Herk Group, where his last position was Chief Investment Officer. Pieter Knauff is a business economist and started his career at merchant bank Kempen & Co in the field of Corporate Finance and Equity Research (Property & Construction).

Annex 3: Members of the Supervisory Committee

Jaap Blokhuis (1958) - Chairman

Dutch. Former CEO of Multi Corporation and Redevco

Areas of expertise: finance, investments, compliance, risk management.

Other positions: member of the Supervisory Board of Heembouw Holding B.V., member of the Supervisory Board of Vastned Retail N.V. and advisor to Egeria Real Estate Investments.

Hans Copier (1957)

Dutch. Former CEO of Propertize, former member of the European Executive Committee and Country Manager Netherlands of CBRE Global Investors.

Areas of expertise: management, risk management and audit, compliance, personnel and organisation.

Other positions: member of the Supervisory Board of Green Real Estate and external advisor to the Investment Committee of Vastgoed SPF Beheer B.V.

Seada van den Herik (1972)

Dutch. Managing director of Onderlinge 's-Gravenhage. Former CEO of Zwitserleven and former board member of Vivat Verzekeringen.

Areas of expertise: personnel and organisation, finance, risk management.

Other positions: managing director of N.V. Levensverzekering-Maatschappij "De Hoop", member of the Supervisory Board of SPF Beheer, member of the advisory committee of Women in Financial Services.

Theo Eysink (1966)

Dutch. CFO KPN Business Market and former CFO Stork Technical Services Holding B.V.

Areas of expertise: risk management, audit, finance and compliance.

Other positions: member of the Supervisory Board and Audit Committee of Stedin Holding N.V.

Eva Klein Schiphorst (1964)

Dutch. Director Business Unit Public Buildings of Royal HaskoningDHV and former managing director of the Dutch government's Real Estate Agency (De Rijksgebouwendienst).

Areas of expertise: real estate, energy transition, organisational development and project management.

Other position: member of the Supervisory Board of IPSE de Bruggen.

The table below provides an overview of the composition of the Supervisory Committee as per 18 March 2020 and the rotation schedule.

Name	Committee	Date of first appointment	End of current term
Jaap Blokhuis (Chairman)		11 September 2017	11 September 2021 (first term)
Hans Copier	Audit Committee	12 February 2016	12 February 2024 (second term)
Seada van den Herik	Chairman NomRem Committee	9 December 2015	9 December 2023 (second term)
Theo Eysink	Chairman Audit Committee	1 May 2019	1 May 2023 (first term)
Eva Klein Schiphorst	NomRem Committee	17 October 2019	17 October 2023 (first term)

All members of the Supervisory Committee are deemed independent.

Annex 4: GRI Content Index for 'In accordance' - Core

Unless otherwise indicated, all GRI Standards listed refer to the 2016 version of the Standards.

GRI Content Index Vesteda – Core

SRS	Disclosure	Reference
GRI 102: GENERAL DISCLOSURES 2016		
1. Organisational profile		
102-1	Name of the organisation	Cover
102-2	Activities, brands, products, and services	Vesteda at a glance, p.8-12
102-3	Location of the organisation's headquarters	Colophon, p.167
102-4	Number of countries operating	Vesteda operates exclusively in the Netherlands Vesteda at a glance, p.8-12
102-5	Nature of ownership and legal form	Legal structure, p.66-67
102-6	Markets served	Vesteda operates exclusively in the Netherlands Vesteda at a glance, p.8-12
102-7	Scale of the reporting organisation	Vesteda at a glance, p.8-12 Notes to the results, p.39-42 Workforce, p. 34 - 35
102-8	Information on employees and other workers	Workforce, p. 34 - 35
102-9	Supply chain	Vesteda at a glance, p.8-12 Strategy and long-term objectives, p.13-16 Sustainability in the chain, p.59-60 Our impact on the Sustainable Development Goals, p.63-64
102-10	Significant changes to the organisation and its supply chain	In 2019, no significant changes have taken place in our organisation, in our supply chain, nor in our relationship with supply chain partners. Management Report, p.36 (new regional office) Sustainability in the chain, p.59-60
102-11	Precautionary Principle or approach	Risk management, p.72-75 'In control' statement, p.75
102-12	External initiatives	Financial and non-financial information: INREV Guidelines, p.80 Compliance and integrity, p.70-72 Corporate Sustainability and Social Responsibility (GRI, SDGs, GRESB), p.63-65
102-13	Memberships of associations	Dialogue with stakeholders, p.78-79
2. Strategy		
102-14	Statement from senior decision-maker	Foreword Management Board, p.6-7
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Our core values, p. 13 Compliance and integrity, p.70-72
4. Governance		
102-18	Governance structure	Corporate Sustainability and Social Responsibility, p.57-65 Corporate governance, p.67-69
5. Stakeholder Engagement		
102-40	List of stakeholder groups	Dialogue with stakeholders, p.78-79
102-41	Collective bargaining agreements	Workforce, p.35
102-42	Identifying and selecting stakeholders	About this report, p.76 Dialogue with stakeholders, p.78-79
102-43	Approach to stakeholder engagement	Dialogue with stakeholders, p.78-79
102-44	Key topics and concerns raised	Dialogue with stakeholders, p.78-79
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	Governance and risk management, p.66-67 Notes to the consolidated financial statements, p.88 (the following entities are included in the consolidated financial statements)
102-46	Defining report content and topic Boundaries	About this report, p.76 Notes to the consolidated financial statements, p.88
102-47	List of material topics	About this report, p.76-79

GRI Content Index Vesteda – Core

SRS	Disclosure	Reference
102-48	Restatements of information	Material aspects, p.76 Notes to the consolidated financial statements, 2: Basis of preparation, p.88
102-49	Changes in reporting	About this report, p.76-79 Notes to the consolidated financial statements, p.88
102-50	Reporting period	About this report, p.76
102-51	Date of most recent report	About this report, p.76
102-52	Reporting cycle	About this report, p.76
102-53	Contact point for questions regarding the report	Colophon, p.167
102-54	Claims of reporting in accordance with the GRI Standards	About this report, p.76-79 Annex 4: GRI Content Index for 'In accordance' - Core, p.151-154
102-55	GRI content index	Annex 4: GRI Content Index for 'In accordance' - Core, p.151-154
102-56	External assurance	Assurance report of the independent auditor, p.81-82
Topic Specific Standards		
GRI 201: ECONOMIC		
GRI 201: ECONOMIC PERFORMANCE 2016 (Economic performance)		
103-1	Explanation of the material topic and its Boundary	Strategy and long-term objectives, p. 13-16 Notes to the results, p.39-42 Corporate governance, p.67-69 About this report, p.76-79
103-2	The management approach and its components	Strategy and long-term objectives, p.13-16 Notes to the results, p.39-42 Corporate governance, p.67-69
103-3	Evaluation of the management approach	Strategy and long-term objectives, p.13-16 Notes to the results, p.39-42 Corporate governance, p.67-69
201-1	Direct economic value generated or distributed	Consolidated financial statements (incl. the notes), p.84
GRI 205: ANTI-CORRUPTION 2016 (Business integrity)		
103-1	Explanation of the material topic and its Boundary	Compliance and integrity: The role of compliance in the organisation, p. 70 Compliance and integrity: Compliance focus points 2019, p.70 About this report, p.76-79
103-2	The management approach and its components	Compliance and integrity, p.70-72 Risks related to Information Technology (IT), p.74 About this report, p.75
103-3	Evaluation of the management approach	Compliance and integrity: Compliance focus points 2019 p.71-72 (SCRA)
205-3	Confirmed incidents of corruption and actions taken	Compliance and integrity, p.70-71
GRI 301: Environmental Series		
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016 (Sustainability in the supply chain)		
103-1	Explanation of the material topic and its Boundary	Sustainability in the chain, p.59-60
103-2	The management approach and its components	Sustainability in the chain, p.59-60
103-3	Evaluation of the management approach	Sustainability in the chain, p.59-60
308-1	Percentage of new suppliers that were screened using environmental criteria	Sustainability in the chain, p.59-60
GRI 401: Social series		
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016 (Sustainability in the supply chain)		
103-1	Explanation of the material topic and its Boundary	Sustainability in the chain, p.59-60

GRI Content Index Vesteda – Core		
SRS	**Disclosure**	**Reference**
103-2	The management approach and its components	Sustainability in the chain, p.59-60
103-3	Evaluation of the management approach	Sustainability in the chain, p.59-60
414-1	New suppliers that were screened using social criteria	Sustainability in the chain, p.59-60
GRI 416: CUSTOMER HEALTH AND SAFETY 2016 (Healthy complexes and sustainable innovations)		
103-1	Explanation of the material topic and its Boundary	Healthy and safe homes, p.58-59
103-2	The management approach and its components	Healthy and safe homes, p.58-59 Strategic project: Health & Well-being, p.62 About this report, p.76-79
103-3	Evaluation of the management approach	Healthy and safe homes, p.58-59
416-1	Assessment of the health and safety impacts of product and service categories	Healthy and safe homes, p.58-59
Own indicator	Relevant initiatives & activities regarding sustainable innovations	Project Milestone – 3D-printed concrete houses, p.79 (part of dialogue with stakeholders) Measuring & Managing Resource Consumption, p.61 Health & Well Being, p.62
GRI 419: SOCIOECONOMIC COMPLIANCE 2016 (Compliance)		
103-1	Explanation of the material topic and its Boundary	Compliance and integrity: The role of compliance in the organisation, p. 70 Compliance and integrity, p.70-72 About this report, p.76-79
103-2	The management approach and its components	Compliance and Integrity, p.70-72 About this report, p.76-79
103-3	Evaluation of the management approach	Compliance and integrity: Compliance focus points 2019 p.71-72 (SCRA)
419	Non-compliance with laws and regulations in the social and economic area	Compliance and Integrity, p.70-72
Green certification & sustainable construction and maintenance		
103-1	Explanation of the material topic and its Boundary	Environmental – Improve sustainable performance, p.57-61
103-2	The management approach and its components	Management agenda 2020: Tenants, p.45 Management agenda 2020: CSSR, p.48 Environmental – Improve sustainable performance, p.57-61 Risk management: Risks related to Corporate Sustainability and Social Responsibility (CSSR), p.74-75
103-3	Evaluation of the management approach	Environmental – Improve sustainable performance, p.57-61
GRI CRE8: Products and Service Labelling	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	Environmental – Improve sustainable performance, p.57-61 Measuring & Managing Resource Consumption, p.61 Health & Well Being, p.62
Other for Vesteda material indicators that are not included in the topic specfic GRI indicators		
Transparency and Corporate Governance		
103-1	Explanation of the material topic and its Boundary	Corporate governance, p.67-69 INREV Guidelines Compliance Statement, p.80
103-2	The management approach and its components	Governance - Responsible Business and transparent organisation, p. 63-65 Achieved five stars in GRESB 2019, p.63-65 Corporate governance, p.67-69 INREV Guidelines Compliance Statement, p.80
103-3	Evaluation of the management approach	Corporate governance: Dutch Corporate Governance Code p.69 INREV Guidelines Compliance Statement, p.80
Own indicator	Transparency is in accordance with INREV Guidelines	INREV Guidelines Compliance Statement, p.80

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SRS	Disclosure	Reference
Tenant satisfaction		
103-1	Explanation of the material topic and its Boundary	Focus on tenant satisfaction, p.20-21 Tenant satisfaction surveys, p.21-23 INREV Guidelines Compliance Statement, p.80
103-2	The management approach and its components	Focus on tenant satisfaction, p.20-21 Tenant satisfaction surveys, p.21-23 INREV Guidelines Compliance Statement, p.80
103-3	Evaluation of the management approach	Tenant satisfaction surveys, p.21-23 INREV Guidelines Compliance Statement, p.80
Own indicator	Outcomes of the tenant satisfaction benchmark and the KCM survey	Tenant satisfaction surveys, p.21-23

Annex 5: Composition of the investment portfolio

The list below sets out the residential complexes in the investment portfolio. In line with the MSCI definition, all complexes are allocated to the residential properties sector, as the residential share of the gross market rental value is greater than 50%. The units and values given for properties are fully owned.

Key

City, Street, Name of complex, Province (**GR**=Groningen, **FR**=Friesland, **DR**=Drenthe, **OV**=Overijssel, **GD**=Gelderland, **UT**=Utrecht, **FL**=Flevoland, **NH**=Noord-Holland, **ZH**=Zuid-Holland, **NB**=Noord-Brabant, **ZL**=Zeeland, **LB**=Limburg), Construction year (the year before the first year of full letting).

LAND Percentage owned versus leased (**LH**=Leasehold) | **RS** Rental segment (**M**=Mid, **RM**=Regulated mid, **R**=Regulated, **H**=High) | **R** Region (**P**=Primary, **S**=Secondary, **O**=other) | **U** Number of residential properties (units) | **FH** Number of single-unit residential properties; family houses (units) | **APP** Number of multiple-residency properties; apartments (units) | **UA** Useable area of the residential properties (m² x 100) | **COG** Commercial space (m² x 100) | **P** Parking and garage spaces (units).

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P
Aalsmeer, Marconistraat, Proosdij, NH, 1983	100%	M	P	9	9	-	10	-	-
Abcoude, Broekzijdselaan, Fluitekruid Appartementen I, UT, 1989	100%	M	P	23	-	23	18	-	-
Abcoude, Broekzijdselaan, Fluitekruid I, UT, 1989	100%	M	P	31	31	-	34	-	-
Abcoude, Ereprijs, Fluitekruid Appartementen II, UT, 1989	100%	M	P	25	-	25	20	-	-
Abcoude, Ereprijs, Fluitekruid II, UT, 1989	100%	M	P	50	50	-	48	-	-
Alkmaar, Braspenningstraat, Braspenningstraat E.A. 58-261 , NH, 1988	100%	M	P	42	42	-	45	-	-
Alkmaar, Daalderstraat, Daalderstraat E.A. 58-80 , NH, 1985	100%	M	P	85	85	-	88	-	-
Almere, Azaleastraat, Bloemenbuurt, FL, 1990	100%	M	P	59	59	-	67	-	-
Almere, Bankierbaan, Bankierbaan, FL, 1988	100%	M	P	100	-	100	91	-	-
Almere, Cypergrasweg, Kruidenwijk, FL, 1988	LH	M	P	84	84	-	97	-	-
Almere, De Hoopstraat, Oostvaardersbuurt, FL, 2001	100%	M	P	42	42	-	55	-	-
Almere, Drijfanker., Poolanker 22-560 , FL, 2006	100%	M	P	50	50	-	73	-	-
Almere, Elzenstraat, Parkwijk, FL, 1995	100%	M	P	62	62	-	85	-	-
Almere, Fellinilaan, Fellinilaan, FL, 1998	100%	M	P	42	-	42	43	-	-
Almere, Fugaplantsoen, Muziekwijk Rondostraat, FL, 1992	100%	M	P	25	25	-	33	1	-
Almere, Gaffel, Noorderplassen, FL, 2004	100%	M	P	32	32	-	49	-	-
Almere, Harderwijkoever, Boulevardflat, FL, 1984	100%	M	P	141	-	141	118	-	142
Almere, Havenhoofd, Havenhoofd, FL, 1986	100%	M	P	47	-	47	45	-	-
Almere, J.J. Slauerhoffstraat, Literatuurwijk, FL, 1998	100%	M	P	38	38	-	47	-	-
Almere, Jacques Tatilaan, Filmwijk, FL, 1998	100%	M	P	90	90	-	114	-	-
Almere, Koetsierbaan, Side by Side toren I, FL, 2007	100%	H	P	9	-	9	11	-	7
Almere, Koetsierbaan, Side by Side toren II, FL, 2007	100%	M	P	82	-	82	83	1	88
Almere, Marktmeesterstraat, Marktmeesterstraat, FL, 1988	100%	R	P	25	-	25	22	-	-
Almere, Marktmeesterstraat, U Blok - Centrum, FL, 1988	100%	M	P	104	-	104	92	-	83
Almere, Messiaenplantsoen, Messiaenplantsoen, FL, 1990	100%	M	P	67	-	67	55	-	-
Almere, Nova Zemblastraat, Eilandenbuurt, FL, 2003	100%	M	P	43	43	-	49	-	-
Almere, Oktoberstraat, Seizoenenbuurt, FL, 1999	100%	M	P	40	40	-	45	-	-
Almere, Preludeweg, Muziekwijk Preludeweg, FL, 1994	100%	M	P	115	115	-	145	-	-
Almere, Rozemarijnstraat, Pimpernelstraat E.A. 58-123 , FL, 1986	100%	M	P	51	51	-	58	-	-
Almere, Septemberstraat, Septemberstraat 58-450 , FL, 1999	100%	M	P	32	32	-	35	-	-
Almere, Soerabajastraat, Bandoengplantsoen E.A. 58-537 , FL, 2005	100%	M	P	62	62	-	74	-	-
Almere, Tjeukemeerstraat, Waterwijk, FL, 1983	100%	M	P	20	20	-	22	-	-
Almere-Stad, Quickstepstraat, Danswijk, FL, 1999	100%	M	P	31	31	-	34	-	-
Alphen Aan Den Ryn, Klaverhof, Klaverhof 58-102 , ZH, 1975	100%	M	P	85	-	85	84	-	-
Amersfoort, Amsterdamseweg, Puntenburg Hoogbouw, UT, 2011	100%	H	P	49	-	49	58	2	54
Amersfoort, Blekerssingel, Willem III Swaenenborgh, UT, 1988	100%	M	P	13	-	13	11	-	-
Amersfoort, Blekerssingel, Willem III, UT, 1988	100%	M	P	18	-	18	15	-	-
Amersfoort, Bombardonstraat, Zielhorst Appartementen, UT, 1990	100%	M	P	36	-	36	29	-	-
Amersfoort, Bombardonstraat, Zielhorst, UT, 1990	100%	M	P	20	20	-	20	-	-

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P
Amersfoort, Bruggensingel-Zuid, Kattenbroek Appartementen, UT, 1991	100%	M	P	55	-	55	53	-	-
Amersfoort, Drapiersgilde, Zeven Provinciën, UT, 2004	100%	H	P	58	-	58	66	-	-
Amersfoort, Grenspolder, Duifpolder 58-548 , UT, 2005	100%	M	P	28	28	-	32	-	-
Amersfoort, Juliettestraat, Schuilenburg, UT, 1969	100%	M	P	116	116	-	142	-	50
Amersfoort, Kasteel, Kattenbroek, UT, 1991	100%	M	P	79	79	-	106	-	-
Amersfoort, L. Costerplein, L.Costerplein 55-52 , UT, 1936	100%	R	P	1	1	-	2	-	-
Amersfoort, Sint Ansfridusstraat, St.Ansfridusstraat 58-238 , UT, 1976	100%	R	P	48	48	-	23	-	-
Amersfoort, Stephensonstraat, Stephensonstr-Voltastr 58-31 , UT, 1936	100%	M	P	1	1	-	1	-	-
Amersfoort, Stuurboord, Kattenbroek Eiland, UT, 1993	100%	M	P	101	101	-	139	-	-
Amersfoort, Zeeuwsestraat, Puntenburg Laagbouw, UT, 2010	100%	M	P	59	-	59	57	-	59
Amstelveen, Adriaen van Ostadelaan, A.Van Ostadelaan E.A. 55, NH, 1955	100%	R	P	10	10	-	8	-	-
Amstelveen, Brantwijk, Brantwijk 58-601 , NH, 1958	100%	M	P	8	8	-	9	-	4
Amstelveen, Brink, Brink-Melkweg App. 58-287 , NH, 1989	100%	M	P	66	-	66	48	-	-
Amstelveen, Fideliolaan, Fideliolaan 58-111 , NH, 1974	100%	R	P	105	-	105	55	-	-
Amstelveen, Groenhof, Cirrus, NH, 1972	100%	M	P	65	-	65	54	-	12
Amstelveen, Groenhof, Stratus, Multatuli, Meridiaan, NH, 1974	100%	M	P	137	-	137	113	-	23
Amstelveen, Grote Beer, Melkweg-Grote Beer Egw 58-296 , NH, 1989	100%	M	P	50	50	-	53	-	-
Amstelveen, Mr. Rendorplaan, V.D.Hoochlaan E.A. 55-72 , NH, 1937	100%	M	P	1	1	-	2	-	1
Amstelveen, Schokland, Schokland 58-141 , NH, 1971	100%	R	P	96	-	96	47	-	-
Amstelveen, Westwijkplein, Westwijk Woningen 60-392 , NH, 1994	100%	M	P	51	-	51	49	-	-
Amstelveen, Westwijkplein, Westwijkplein 781 , NH, 2016	100%	H	P	20	-	20	19	-	-
Amstelveen, Wolfert van Borsselenweg, B.V.Waverenstr. E.A. 58-65 , NH, 1936	100%	M	P	92	92	-	82	-	5
Amsterdam, Amstelboulevard, Amstelboulevard 2t-M50 58-511 , NH, 2002	100%	H	P	25	-	25	36	-	21
Amsterdam, Amstelboulevard, Omval, Woningen-Winkels 34-419 , NH, 1997	100%	H	P	95	-	95	94	7	-
Amsterdam, B. Merkelbachsingel, 14Noord, NH, 2015	LH	M	P	14	-	14	13	-	-
Amsterdam, Bart de Ligtstraat, Julianapark Appartementen, NH, 1991	LH	H	P	186	-	186	155	-	-
Amsterdam, Bart de Ligtstraat, Julianapark, NH, 1991	LH	H	P	40	40	-	51	-	16
Amsterdam, Bert Haanstrakade, IJzicht, NH, 2009	LH	H	P	120	-	120	149	10	128
Amsterdam, Bijlmerdreef, Gerenstein-Gallery, NH, 2007	LH	M	P	96	-	96	94	-	-
Amsterdam, Boeierstraat, Steigereiland De Tjalk, NH, 2010	LH	H	P	26	-	26	32	7	46
Amsterdam, Bonhoeffersingel, M Akerveldsepolder Appartementen I, NH, 1989	LH	M	P	48	-	48	36	-	-
Amsterdam, Bonhoeffersingel, M Akerveldsepolder I, NH, 1989	LH	M	P	160	160	-	184	-	-
Amsterdam, Cas Oorthuyskade, De Waterlinie, NH, 2004	LH	H	P	41	-	41	44	4	59
Amsterdam, Ceramiquelaan, De Zeearend, NH, 2012	LH	H	P	9	-	9	10	-	16
Amsterdam, Churchilllaan, Churchilllaan Amsterdam, NH, 1926	LH	M	P	171	-	171	137	13	-
Amsterdam, Cornelis Outshoornstraat, De Drie Bouwmeesters , NH, 2006	LH	H	P	37	37	-	51	-	-
Amsterdam, De Boelelaan, De Boel, NH, 1963	LH	H	P	154	-	154	112	32	17
Amsterdam, Diopter, Diopter, NH, 1998	LH	M	P	53	53	-	66	-	-
Amsterdam, Galjootstraat, Steigereiland De Klipper, NH, 2009	LH	H	P	59	-	59	59	-	68
Amsterdam, Gustav Mahlerlaan, New Amsterdam, NH, 2008	LH	H	P	171	-	171	204	25	173
Amsterdam, Hammarbystraat, De Willem Barentsz, NH, 2012	LH	H	P	13	-	13	14	-	14
Amsterdam, Henri Dunantstraat, De Dunant, NH, 2017	LH	H	P	73	23	50	73	-	22
Amsterdam, Hooivletstraat, Steigereiland Schoener, NH, 2009	LH	H	P	59	-	59	59	-	68
Amsterdam, Huddekade, Huddekade 58-676 , NH, 2008	100%	H	P	19	-	19	18	-	-
Amsterdam, IJburglaan, Blok 4 Appartementen, NH, 2003	LH	H	P	26	-	26	34	-	26
Amsterdam, IJburglaan, Blok 4 Maisonnettes, NH, 2005	LH	H	P	11	-	11	24	-	11
Amsterdam, IJburglaan, De Ontdekking, NH, 2008	LH	H	P	43	-	43	47	-	43
Amsterdam, IJburglaan, De Uitkijk, NH, 2005	LH	H	P	31	-	31	37	-	34
Amsterdam, J.P. Kloosstraat, De Hagen, NH, 2016	LH	H	P	64	-	64	55	-	64
Amsterdam, Jean Desmetstraat, Jean Desmetstraat, NH, 2008	LH	H	P	12	12	-	14	-	12
Amsterdam, Joan Muyskenweg, Joan Muyskenweg 1, NH, 2018	LH	H	P	191	-	191	134	-	101
Amsterdam, Johan Huizingalaan, Huizingalaan, NH, 1990	LH	M	P	167	-	167	149	-	143
Amsterdam, John Blankensteinstraat, De Generaal, NH, 2015	LH	H	P	56	-	56	44	-	45
Amsterdam, Julianaplein, Amstel Tower, NH, 2017	LH	RM	P	192	-	192	94	-	-
Amsterdam, Mijndenhof, Mijndenhof, NH, 1984	LH	M	P	109	109	-	102	-	-

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P
Amsterdam, Mondriaanstraat, Omval, Parkeergar. Eg Clx.540 , NH, 1997	100%	NVT	P	-	-	-	-	-	-
Amsterdam, Nieuw Amerika parkeerplaats, Parkeergarage Nieuw Amerika, NH, 2006	LH	NVT	P	-	-	-	-	-	291
Amsterdam, Olympiaplein, Olympiaplein, NH, 1926	LH	H	P	29	-	29	27	-	-
Amsterdam, Omval, Omval, Parkeergarage 34-427 , NH, 1997	100%	NVT	P	-	-	-	-	-	87
Amsterdam, Omval, Staalmeesters 58-420 , NH, 1997	100%	H	P	21	-	21	24	-	24
Amsterdam, Overhoeksparklaan, De Europa, NH, 2011	LH	H	P	61	-	61	72	-	91
Amsterdam, Parkeergarage Huddekade, Huddekade Gar 58-677 , NH, 2008	100%	NVT	P	-	-	-	-	-	50
Amsterdam, Peelstraat, De Miranda, NH, 1998	100%	H	P	90	-	90	91	34	92
Amsterdam, Pieter Calandlaan, Calandtoren, NH, 2004	LH	M	P	65	-	65	62	16	63
Amsterdam, Pieter Postpad, De Drie Bouwmeesters Appartementen, NH, 2006	LH	M	P	46	-	46	43	-	48
Amsterdam, President Kennedylaan, Kennedylaan, NH, 1939	LH	M	P	8	-	8	6	-	-
Amsterdam, Professor Tulpstraat, Prof.Tulpstr.Even Nrs. 58-436 , NH, 1900	100%	H	P	7	-	7	11	-	-
Amsterdam, Professor Tulpstraat, Prof.Tulpstr.Oneven Nrs.58-435 , NH, 1900	100%	H	P	8	-	8	7	-	-
Amsterdam, Purperhoedenveem, Boston, NH, 2006	LH	H	P	90	-	90	95	-	-
Amsterdam, Purperhoedenveem, Detroit, NH, 2004	LH	H	P	81	-	81	107	22	-
Amsterdam, Rudi Bloemgartensingel, M Akerveldsepolder Appartementen II, NH, 1990	LH	M	P	48	-	48	36	-	-
Amsterdam, Rudi Bloemgartensingel, M Akerveldsepolder II, NH, 1990	LH	M	P	177	177	-	226	-	-
Amsterdam, Spakenburgstraat, Reigersbos, NH, 1984	LH	M	P	153	153	-	144	1	-
Amsterdam, Surinameplein, Surinameplein , NH, 1962	LH	NVT	P	-	-	-	-	59	-
Amsterdam, Surinameplein, Surinameplein , NH, 1962	LH	NVT	P	-	-	-	-	-	-
Amsterdam, Surinameplein, Surinameplein , NH, 1962	LH	NVT	P	-	-	-	-	-	-
Amsterdam, Surinameplein, Surinameplein 37, 51 2-21, NH, 1959	LH	R	P	24	-	24	12	-	-
Amsterdam, Surinameplein, Surinameplein 55 58-608 , NH, 1959	LH	R	P	144	-	144	44	-	-
Amsterdam, Vaartstraat, Schinkelhof, NH, 2017	100%	M	P	64	-	64	42	13	37
Amsterdam, Westerdok, Westerdoksdyk 58-618 , NH, 2007	LH	H	P	123	123	-	118	-	140
Amsterdam, Wethouder Driessenstraat, Wethouderbuurt, NH, 1987	LH	M	P	155	155	-	179	-	-
Amsterdam, Wethouder Tabakstraat, Wethouderbuurt, NH, 1986	LH	M	P	178	178	-	191	1	-
Amsterdam, Wolbrantskerkweg, De Drie Wachters, NH, 2005	LH	R	P	73	-	73	64	-	54
Anna Paulowna, Meerkoetstraat, Meerkoetstraat E.A. 58-117 , NH, 1981	100%	R	O	44	44	-	50	-	-
Apeldoorn, Disselhof, De Stadhouder, GD, 2009	100%	M	P	76	-	76	89	-	117
Apeldoorn, Pascalstraat, Pascalstr.-Sluisoordln. 58-24 , GD, 1968	100%	M	P	2	2	-	2	-	-
Arnhem , Arcadiastraat, Parnassushof, GD, 2017	100%	M	P	54	54	-	60	-	-
Arnhem, Amsterdamseweg, Rosorum, GD, 2009	100%	H	P	20	-	20	-	-	16
Arnhem, Boreasplantsoen, Lunahof, GD, 2016	100%	M	P	31	31	-	37	-	26
Arnhem, Bredasingel, Bredasingel E.A. 58-109 , GD, 1977	100%	M	P	38	38	-	47	-	3
Arnhem, Callunastraat, Callunastraat 55-53 , GD, 1930	100%	R	P	1	1	-	1	-	-
Arnhem, Castorstraat, Helioshof, GD, 2015	100%	M	P	29	29	-	32	-	29
Arnhem, Drentesingel, Vredenburg, GD, 1974	100%	M	P	111	111	-	140	-	5
Arnhem, Ginnekenstraat, Kroonse Wal, GD, 1988	100%	M	P	30	-	30	26	-	-
Arnhem, Helenastraat, Helenahof, GD, 2019	100%	M	P	20	-	20	24	-	-
Arnhem, Helenastraat, Helenatoren, GD, 2019	100%	M	P	35	-	35	27	-	-
Arnhem, Hoogstedelaan, Hoogstedelaan E.A. 55-50 , GD, 1934	100%	R	P	1	1	-	1	-	-
Arnhem, Kluizeweg, Kluizeweg 58-598 , GD, 1962	100%	R	P	60	-	60	50	-	23
Arnhem, Veerpolderstraat, Aan de Rijn, GD, 2017	100%	M	P	94	-	94	80	-	116
Assen, Boergoorn, Marsdijk, DR, 1990	100%	M	S	23	23	-	29	-	-
Assen, Bovist, Diepstroeten, DR, 2017	100%	M	S	45	45	-	54	-	-
Assen, Groenkampen, Peelo, DR, 1986	100%	M	S	39	39	-	48	-	-
Assen, Zuidhaege, Zuidhaege, DR, 1997	100%	M	S	60	-	60	57	-	56
Badhoevedorp, Dellaertlaan, Egelantierstraat E.A. 58-21 , NH, 1970	100%	M	P	71	71	-	91	-	23
Badhoevedorp, Fazantstraat, Fazantstraat 58-602 , NH, 1956	100%	M	P	2	2	-	3	-	-
Badhoevedorp, Keesomstraat, Keesomstraat E.A. 55-42 , NH, 1960	100%	M	P	2	1	1	2	-	-
Bergen op Zoom, Ansjovislaan, De Weer I, NB, 1994	100%	M	S	26	-	26	29	-	30
Bergen op Zoom, Ansjovislaan, De Weer II, NB, 1994	100%	M	S	76	-	76	84	-	84

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P
Bergen op Zoom, Ansjovislaan, Laguna, NB, 2008	100%	M	S	33	-	33	35	-	34
Bergen op Zoom, Ansjovislaan, Villa Murano, NB, 2008	100%	M	S	17	-	17	18	-	17
Bergen op Zoom, Fort Moermont, Leemberg, NB, 1975	100%	R	S	23	23	-	20	-	-
Bergen op Zoom, Schoudee, Bergse Plaat Duvenee, NB, 1991	100%	M	S	92	92	-	111	-	-
Breda, Argusvlinder, Argusvlinder, NB, 1999	100%	R	P	64	-	64	42	-	-
Breda, Blauwtjes, Blauwtjes, NB, 1999	100%	M	P	36	-	36	33	-	41
Breda, Johanna van Polanentoren, De Stadswachter & Pleinwachter, NB, 2016	100%	M	P	75	-	75	69	-	75
Breda, Lachappellestraat, Lachappellestraat, NB, 1961	100%	R	P	24	-	24	16	-	11
Breda, Lovensdijkstraat COG, Serviceresidentie Vredenbergh, NB, 2001	LH	M	P	102	-	102	-	17	56
Breda, Lovensdijkstraat, Nieuw Vredenbergh , NB, 2011	100%	H	P	124	-	124	148	-	130
Breda, Markhoek, Marckhoek, NB, 2014	100%	H	P	23	-	23	27	-	25
Breda, Nonnenveld, Het Paleis, NB, 2005	100%	H	P	47	-	47	63	-	47
Breda, Terheijdenstraat, Drie Hoefijzers, NB, 2010	100%	H	P	42	-	42	49	-	46
Bunnik, Esdoorn, Dalenoord, UT, 1989	100%	M	S	15	15	-	14	-	-
Bunnik, Koekoeksbloem, Dalenoord Appartementen, UT, 1989	100%	M	S	16	-	16	12	-	-
Bussum, Bijenschans, Byenschans E.A. 55-10 , NH, 1962	100%	R	P	6	6	-	6	-	-
Bussum, Brinklaan, Brinklaan 773 , NH, 2016	100%	M	P	54	-	54	49	-	-
Bussum, Pr. Beatrixplantsoen, Pr.Beatrixplantsoen 55-13 , NH, 1938	100%	H	P	1	1	-	2	-	-
Capelle a/d IJssel, Doelen, Doelen en Louvre, ZH, 1983	100%	M	P	72	72	-	71	-	-
Capelle a/d IJssel, Hermitage, Hermitage, ZH, 1983	100%	M	P	49	49	-	48	-	-
Capelle a/d IJssel, Rigoletto, Louvre/Rigoletto, ZH, 1983	100%	M	P	47	-	47	36	-	-
Capelle a/d IJssel, Slotplein, Slotplein, ZH, 1997	100%	M	P	80	-	80	86	-	-
Capelle A/D Ijssel, Wijde Wormer, Wijde Wormer 766 , ZH, 2009	100%	M	P	85	-	85	89	-	34
Castricum, Belle van Zuylenlaan, B.Van Zuylenlaan E.A. 58-271 , NH, 1988	100%	M	P	53	53	-	57	-	-
Castricum, H.R. Holststraat, H.Roland Holststr.E.A. 58-311 , NH, 1991	100%	M	P	30	30	-	37	-	-
Castricum, Margaret Krophollerlaan, M.Krophollerlaan 58-466 , NH, 2001	100%	M	P	21	21	-	21	-	-
Castricum, Tolweid, Tolweid 58-118 , NH, 1984	100%	M	P	47	47	-	45	-	-
Culemborg, Loek van Ierselstraat, Parijsch, GD, 2019	100%	M	S	42	42	-	45	-	-
De Meern, Spinsterlaan, Gouvernantelaan E.A. 58-120 , UT, 1986	100%	M	P	28	28	-	28	-	-
Den Bosch, Antoon der Kinderenlaan, Amazones, NB, 2014	100%	H	P	42	-	42	49	-	59
Den Bosch, Gheert van Calcarplein, Pelssingel 768 , NB, 2010	100%	M	P	14	-	14	13	-	10
Den Bosch, Goudsbloemvallei, Goudsbloem, NB, 2017	100%	M	P	25	-	25	24	-	38
Den Bosch, Harteveldstede, Maaspoort, NB, 1987	100%	M	P	48	48	-	45	-	-
Den Bosch, Hofvijver, Jheronimus, NB, 2014	100%	H	P	44	-	44	45	-	48
Den Bosch, Pisastraat, Pisastaete, NB, 1989	100%	M	P	57	-	57	46	-	72
Den Haag, Abdijbrink, De Brinken, ZH, 1975	100%	M	P	224	224	-	273	-	-
Den Haag, Domburglaan, Westkapellelaan, ZH, 1972	100%	M	P	96	-	96	79	-	25
Den Haag, Leyweg, De Leyster, ZH, 2012	LH	M	P	49	-	49	52	-	59
Den Haag, Prins Willem-Alexanderweg, La Fenêtre, ZH, 2005	LH	H	P	52	-	52	65	-	68
Den Haag, Slachthuisstraat, Piazza, ZH, 1998	LH	M	P	73	-	73	65	-	58
Den Haag, Van Hogenhoucklaan, Hubertusstaete, ZH, 2010	100%	H	P	4	-	4	5	-	7
Den Haag, Van Montfoortlaan, V.Montfoortlaan 58-87 , ZH, 1958	100%	M	P	36	-	36	38	-	4
Deventer, Bitterzoet, Colmschate II, OV, 1984	100%	M	P	39	39	-	45	-	-
Deventer, Bonte salie, Colmschate I, OV, 1984	100%	M	P	59	59	-	67	-	-
Diemen, Diemerplein, Diemerplein 58-717 , NH, 2012	100%	M	P	23	-	23	20	-	-
Diemen, Groote Peel, Biesbosch, NH, 1978	100%	M	P	117	117	-	151	-	-
Diemen, Hartschelp, Hartschelp, NH, 1983	100%	M	P	62	62	-	66	-	-
Diemen, Ouddiemerlaan, De Diemer, NH, 2017	100%	M	P	98	-	98	75	-	98
Diemen, Ouddiemerlaan, Ouddiemerlaan 301, 349, 343 8-99, NH, 2012	100%	H	P	22	-	22	24	-	-
Diemen, Ouddiemerlaan, Ouddiemerlaan App. 58-59 , NH, 1969	100%	M	P	87	-	87	76	-	-
Diemen, Polderland, Polderland, NH, 1986	100%	M	P	169	169	-	183	-	-
Doetinchem, Boekweitdreef, De Huet, GD, 1983	100%	M	S	47	47	-	52	-	-
Doetinchem, Boerhaavelaan, Boerhaavelaan, GD, 1974	100%	M	S	105	105	-	135	-	-
Dordrecht, Atmosfeerstraat, Atmosfeerstraat E.A. 58-130 , ZH, 1970	100%	M	P	51	51	-	76	-	18
Dordrecht, Cereslaan, Cereslaan E.A. 58-75 , ZH, 1970	100%	M	P	95	95	-	123	-	22
Dordrecht, Spuiboulevard, Paradium 3 , ZH, 1967	100%	M	P	62	-	62	53	-	-

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Dordrecht, Van Ravesteyn-erf, Groene Oever, ZH, 1997	100%	M	P	84	-	84	77	-	-
Driebergen, Park Seminarie, Park Seminarie 58-26 , UT, 1987	100%	M	S	124	-	124	105	-	-
Ede, Bergansiuslaan, Kazerneterrein , GD, 2018	100%	M	P	37	-	37	36	-	7
Ede, Pomphuislaan, Pomphuislaan 758 , GD, 2014	100%	M	P	31	31	-	37	-	-
Eindhoven, Cassandraplein, De Ranken, NB, 2008	100%	H	P	30	-	30	35	10	32
Eindhoven, generaal Marshallweg, Rapenland, NB, 1984	100%	M	P	25	25	-	24	-	-
Eindhoven, generaal Stedmanstraat, Stedman Staete, NB, 1984	100%	R	P	54	-	54	39	-	-
Eindhoven, Monseigneur Swinkelsstraat, Kloosterdreef, NB, 2008	100%	M	P	36	-	36	40	-	36
Eindhoven, Opwettensemolen, Opwettensemolen I, NB, 1986	100%	M	P	178	-	178	133	-	112
Eindhoven, Opwettensemolen, Opwettensemolen II, NB, 1988	100%	M	P	18	-	18	15	-	-
Eindhoven, Opwettensemolen, Woenselse Watermolen, NB, 1988	100%	M	P	202	202	-	243	-	-
Eindhoven, Picushof, Picushof Appartementen, NB, 2001	100%	M	P	36	-	36	33	-	-
Eindhoven, Picushof, Picushof, NB, 2001	100%	M	P	22	22	-	27	-	-
Eindhoven, Tesselschadelaan, Granida, NB, 2004	100%	H	P	20	-	20	20	-	34
Eindhoven, Venbergsemolen, Venbergsemolen, NB, 1989	100%	M	P	134	-	134	113	-	-
Eindhoven, Vestdijk, Vestedatoren, NB, 2006	100%	H	P	22	-	22	29	9	56
Emmen, Eidereend, Eendenveld, DR, 1990	100%	M	S	33	33	-	34	-	-
Enschede, H.J. van Heekplein, Twentec, OV, 2003	100%	M	P	87	-	87	90	9	-
Enschede, Walkottelanden, Stroinkslanden, OV, 1982	100%	M	P	29	29	-	31	-	-
Etten Leur, Artezielaan, Markenland E.A. 58-93 , NB, 1973	100%	M	S	90	90	-	114	-	-
Etten Leur, Beiaard, Beiaard E.A. 58-149 , NB, 1974	100%	M	S	88	88	-	97	-	36
Geldrop, Herdersveld, Grote Bos, NB, 1978	100%	M	P	45	45	-	46	-	-
Gorinchem, Abraham Bloemaart Corneliszstraat, A.B. Corneliszstraat 775 , ZH, 2016	100%	M	S	29	29	-	32	-	-
Gorinchem, Adjudant, Hoog Dalem, ZH, 2019	100%	O	P	15	-	15	18	-	-
Groesbeek, Bachstraat, Bachstraat 58-600 , GD, 1976	100%	M	O	48	48	-	63	-	12
Groningen, Bloemersmaborg, Klein Martijn, GR, 1997	100%	M	P	28	-	28	29	-	-
Groningen, Eelkemastraat, Kolenpark, GR, 2019	100%	M	P	139	-	139	94	-	70
Groningen, Reitdiephaven, Reitdiep Haven, GR, 2010	100%	M	P	47	-	47	45	-	49
Groningen, Steenhouwerskade, Zuiderhavenring I, GR, 1982	100%	M	P	53	-	53	47	-	92
Groningen, Steenhouwerskade, Zuiderhavenring II, GR, 1983	100%	M	P	70	-	70	56	-	-
Groningen, Van Drielstlaan, Hoogkerk, GR, 1976	100%	R	P	80	80	-	82	-	13
Groningen, Van Goghstraat, Waterrand, GR, 1994	100%	M	P	72	-	72	59	-	74
Haarlem , Spijkerboorweg, Tango, NH, 2017	100%	M	P	55	-	55	53	-	55
Haarlem, Marsstraat, Marsstraat 55-60 , NH, 1937	100%	R	P	2	2	-	3	-	-
Haarlemmermeer, Warande, Warande, NH, 1969	100%	M	P	28	28	-	32	-	11
Harderwyk, Beugpad, Schippersmeen E.A. 58-97 , GD, 1974	100%	M	P	105	105	-	135	-	60
Heemskerk, A. Poelmanstraat, Poelmanstr.-Calcarstr. 58-154 , NH, 1987	100%	M	P	45	45	-	52	-	-
Heemstede, Alberdinck Thijmlaan, A.Thymlaan 55-96 , NH, 1938	100%	H	P	1	1	-	1	-	-
Heemstede, Floradreef, Prinseneiland, NH, 1990	100%	M	P	38	38	-	43	-	-
Heerenveen, Barten, Nye Haske, FR, 1987	100%	M	S	69	69	-	80	-	-
Heerhugowaard, Dampkring, Dampkring 762 , NH, 2016	100%	M	S	48	-	48	48	-	-
Heerhugowaard, Dotterbloem erf, De Draai, NH, 2019	100%	M	S	31	-	31	37	-	-
Heerlen, Marjoleingaard, Douve Weien Marjoleingaard, LB, 1978	100%	M	S	38	38	-	41	-	-
Heerlen, Oude Molenweg, Douve Weien Oude Molenweg, LB, 1978	100%	M	S	79	79	-	81	-	-
Heerlen, Putgraaf, Putgraaf Parkflat, LB, 1982	100%	R	S	93	-	93	71	-	175
Heerlen, Putgraaf, Putgraaf Residentie, LB, 1989	100%	M	S	67	-	67	60	-	75
Heerlen, Vrusschemigerweg, Douve Weien Vrusschemigerweg, LB, 1978	100%	M	S	82	82	-	93	-	-
Helmond, Coxdonk, Mommersdonk 791 , NB, 2017	100%	M	P	35	35	-	39	-	-
Hengelo, Hans Vonkstraat, Hans Vonkstraat 58-551 , OV, 2005	100%	M	S	44	-	44	44	-	45
Hengelo, Jan van Galenstraat, Gerarduspark, OV, 1995	100%	M	S	44	-	44	35	-	-
Hillegom, Jan Prinsheem, Prinsheem, ZH, 1983	100%	M	S	64	64	-	67	-	-
Hillegom, L. van Deyssellaan, L. van Deysselaan, ZH, 1983	100%	M	S	36	36	-	38	-	-
Hilversum, J. A. Kalfflaan, J.A.Kalfflaan 55-1 , NH, 1930	100%	R	P	1	1	-	1	-	-
Hilversum, Kapittelweg, Kapittelweg 58-51 , NH, 1969	100%	R	P	80	1	79	66	1	82
Hilversum, Loosdrechtse Bos, Zonnestraal Appartementen, NH, 2004	100%	H	P	42	-	42	62	-	48
Hoogezand-Sappemeer, P.S. Gerbrandyhof, Drevenborg, GR, 1991	100%	M	S	29	-	29	24	-	-

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Hoorn, Botter, Botter 58-128 , NH, 1976	100%	M	P	64	64	-	65	-	-
Hoorn, Brik, Brik-Sjees 58-136 , NH, 1976	100%	M	P	79	79	-	86	-	-
Houten, Bladmos, Bladmos-Puntmos 58-478 , UT, 2001	100%	M	P	48	48	-	51	-	-
Huis ter Heide, Ruysdaellaan, De Horst, UT, 2003	100%	H	P	51	-	51	-	-	-
Huizen, Wikke, Huizermaat, NH, 1976	100%	M	P	199	199	-	186	-	29
IJsselstein, Alexandrietpad, Alexandrietpad E.A. 58-48 , LB, 1976	100%	M	P	90	90	-	127	-	9
IJsselstein, Alexandrietpad, Opaalhof E.A. 58-94 , LB, 1976	100%	M	P	51	51	-	62	-	5
IJsselstein, De Biezen, De Biezen 58-597 , LB, 1989	100%	M	P	14	-	14	11	-	-
Kerkrade, Friets Ploumstraat, Straterweg, LB, 1987	100%	M	S	27	27	-	28	-	-
Krommenie, Marslaan, Marslaan E.A. 58-127 , NH, 1973	100%	M	P	214	214	-	253	-	-
Laren, Tony Offermansweg, Mauvezand T.Offermansw. 55-5 , NH, 1936	100%	R	S	1	1	-	1	-	-
Leeuwarden, Albadastins, Groene Hart, FR, 1986	100%	M	S	134	134	-	155	-	4
Leeuwarden, De Malus, De Malus, FR, 2007	100%	M	S	31	-	31	29	-	-
Leeuwarden, Heggewinde, Aldlan Oost, FR, 1977	100%	M	S	160	160	-	165	-	11
Leeuwarden, Krommezijl, Krommezijl, FR, 2005	100%	M	S	28	-	28	34	-	28
Leeuwarden, Ubbemastins, Parkflat, FR, 1987	100%	M	S	62	-	62	54	-	-
Leiden, Betaplein, Alpha, ZH, 2017	100%	M	P	134	-	134	105	4	-
Leiden, Molenzicht, Molenzicht, ZH, 1979	100%	R	P	23	-	23	17	-	1
Leiden, Parkzicht, Parkzicht, ZH, 1979	100%	R	P	97	-	97	75	-	-
Leiden, Prins Clausweg, Prins Clausweg 790 , ZH, 2017	100%	H	P	50	-	50	55	-	13
Leiden, Stadzicht, Stadzicht, ZH, 1979	100%	R	P	53	-	53	40	-	1
Leiderdorp, Dalkruidzoom, Voorhof, ZH, 1978	100%	M	P	78	78	-	97	-	-
Leiderdorp, Kamperfoeliezoom, Voorhof Appartementen, ZH, 1979	100%	R	P	120	-	120	93	-	9
Leiderdorp, Koolmeesstraat, Vogelwijk, ZH, 1972	100%	R	P	36	-	36	27	-	7
Leiderdorp, Laan van Berendrecht, Parkpromenade Berendrecht, ZH, 2004	100%	H	P	72	-	72	102	4	-
Leidschendam, Herberg, 't Lien, ZH, 1985	100%	M	P	127	127	-	135	-	-
Leidschendam, Neherpark, Neherpark, ZH, 2008	100%	H	P	20	-	20	22	-	24
Lelystad, Kogge 3, De Kogge I, FL, 1977	100%	M	S	42	42	-	46	-	-
Lelystad, Kogge 4, De Kogge II, FL, 1977	100%	M	S	38	38	-	42	-	-
Lelystad, Tjalk 41, Tjalk, FL, 1981	100%	R	S	82	82	-	86	-	-
Leusden, Hertenhoeve, Hertenhoeve, UT, 1979	100%	M	P	40	40	-	37	-	14
Leusden, Madelagehof, Nieuw Princenhof, UT, 2016	100%	M	P	25	25	-	28	-	-
Maarssen, Burgemeester Dolmanslaan, Willem Van Leusdenlaan 22-554 , UT, 2006	100%	M	P	28	-	28	30	-	30
Maarssen, de Hoopkade, Hoogevecht, UT, 2010	100%	H	P	18	-	18	23	-	33
Maarssen, de Hoopkade, Neerbeek, UT, 2011	100%	H	P	7	-	7	9	-	12
Maarssen, Dr. Remmet van Lutterveltstraat, Nieuw Vechtevoort, UT, 2011	100%	H	P	34	-	34	34	-	35
Maarssen, J. Homan van der Heideplein, Cruydenborgh, UT, 2010	100%	H	P	10	-	10	11	-	12
Maarssen, Proostwetering, Sluisoord, UT, 2009	100%	H	P	23	-	23	28	-	33
Maarssen, Proostwetering, Soetendael (9a), UT, 2012	100%	H	P	4	-	4	5	-	4
Maarssen, Proostwetering, Soetendael, UT, 2012	100%	H	P	18	-	18	18	-	18
Maastricht, Akerstraat, Porta I, LB, 1993	100%	M	P	57	-	57	56	-	46
Maastricht, Avenue Ceramique, Cortile I, LB, 1999	100%	M	P	37	-	37	39	5	-
Maastricht, Avenue Ceramique, Maison Céramique, LB, 2009	100%	H	P	12	-	12	13	10	22
Maastricht, Avenue Ceramique, Toren van Siza, LB, 2001	100%	H	P	40	-	40	47	7	-
Maastricht, Avenue Ceramique, Wiebengahal, LB, 2006	LH	NVT	P	-	-	-	-	34	-
Maastricht, Bellefroidlunet Parkeren, Stoa, LB, 2002	100%	H	P	66	-	66	104	-	87
Maastricht, Boschcour, Piazza Céramique, LB, 2007	100%	H	P	54	-	54	68	8	82
Maastricht, Ellecuylgaard, Eyldergaard, LB, 1982	100%	M	P	18	18	-	21	-	-
Maastricht, Erasmusdomein, Erasmusdomein, LB, 1986	100%	M	P	81	-	81	64	-	50
Maastricht, Glacisweg, Terminus, LB, 2008	100%	H	P	7	-	7	9	4	1
Maastricht, Heerderweg, Heerderweg, LB, 1985	100%	R	P	202	-	202	145	-	108
Maastricht, Mosalunet, Cortile II, LB, 2002	100%	M	P	54	-	54	56	-	-
Maastricht, Mosalunet, Cortile III, LB, 2002	100%	M	P	66	-	66	70	-	-
Maastricht, Plein 1992, La Residence, LB, 2000	100%	H	P	28	-	28	31	-	-
Maastricht, Prins Bisschopsingel, Poort Waerachtig, LB, 2007	100%	H	P	25	-	25	37	-	37
Maastricht, Sphinxlunet parkeren, Cortile Parking, LB, 1999	100%	NVT	P	-	-	-	-	-	189

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Maastricht, Sphinxlunet, Porta II, LB, 1993	100%	R	P	38	-	38	29	-	25
Middelburg, Fazantenhof, Fazantenhof 769 , ZE, 2007	100%	M	S	19	-	19	19	-	-
Middelburg, Touwbaan, Maisbaai, ZE, 1990	100%	M	S	35	-	35	36	-	26
Naarden, Graaf Janlaan, Gr.Janlaan E.A. 55-14 , NH, 1937	100%	M	P	1	1	-	1	-	-
Naarden, H. van Eijkenstraat, H.V.Eykenstr.-Vaartweg 55-22 , NH, 1935	100%	R	P	3	3	-	3	-	-
Nieuwegein, Hermesburg, Batau Noordrand, UT, 1988	100%	M	P	56	56	-	57	-	-
Nieuwerkerk a/d IJssel, Krulmos, Zuidplaspolder, ZH, 1979	100%	M	P	29	29	-	31	-	-
Nieuw-Vennep, Haendelplein, Getsewoud, NH, 2002	100%	M	P	76	-	76	56	-	-
Nijmegen, Gabriel Garcia Marquezstraat, G. Lorcastraat 789 , GD, 2017	100%	M	P	32	32	-	38	-	-
Nijmegen, Lankforst, Lankforst, GD, 1970	100%	M	P	51	51	-	66	-	9
Nijmegen, Rode kruislaan, Park Heyendaal, GD, 1996	100%	M	P	63	-	63	65	-	-
Nijmegen, Stieltjesstraat, Kronenburger, GD, 1991	100%	M	P	122	-	122	117	3	131
Nijmegen, Weezenhof, Weezenhof I, GD, 1972	100%	M	P	67	67	-	88	-	17
Nijmegen, Weezenhof, Weezenhof II, GD, 1972	100%	M	P	43	43	-	48	-	13
Noordwijk, Noordhoren, Fuikhoren, ZH, 1985	100%	M	P	67	67	-	75	-	-
Noordwijk, Schaalhoren, Schaalhoren, ZH, 1983	100%	M	P	65	65	-	67	-	-
Nuenen, Schietbergen, Witte Put E.A. 58-83 , NB, 1986	100%	M	S	71	71	-	90	-	-
Oegstgeest, Eli Heimanshof, Eli Heimanshof 58-465 , ZH, 1999	100%	M	P	7	-	7	7	-	-
Oosterhout, Schubertlaan, Oosterheide I, NB, 1969	100%	M	P	17	17	-	22	-	7
Oosterhout, Wagenaarstraat, Oosterheide II, NB, 1972	100%	M	P	13	13	-	17	-	5
Ouder-Amstel, Clarissenhof, Clarissenhof, NH, 1977	100%	M	P	101	101	-	101	-	8
Papendrecht, Pontonniersweg, Buitenwaard, ZH, 1991	100%	M	P	62	-	62	70	-	15
Pijnacker, Boomkruiperzoom, Keijzersveste, ZH, 2018	100%	H	P	39	39	-	51	-	-
Purmerend, Boekweitstraat, De Purmer, NH, 1983	LH	M	P	70	70	-	63	-	-
Purmerend, De Oeverlanden, De Ooievaar, NH, 2008	100%	M	P	30	-	30	29	-	30
Purmerend, Vesta, Apollo , NH, 2017	100%	M	P	84	-	84	74	-	82
Renkum, Graaf van Rechterenweg, Rechterenborg, GD, 1993	100%	M	S	62	-	62	57	-	39
Rhenen, De Hollentoren, De Hollentoren 58-254 , UT, 1988	100%	M	S	20	20	-	23	-	-
Rhenen, De Thijmenstoren, Thymenstoren-Reumersweg 58-284 , UT, 1988	100%	M	S	16	16	-	18	-	-
Rhoon, Baljuw, Baljuw, ZH, 1982	100%	M	S	67	67	-	71	-	-
Rijswijk, Hilvoordestraat, Over De Bogaard, ZH, 1979	LH	R	P	122	-	122	63	-	-
Rijswijk, S.W. Churchilllaan, Churchilllaan, ZH, 1969	100%	M	P	215	-	215	229	-	19
Roosendaal, Damastberg, Dilleberg-Damastberg 58-253 , NB, 1988	100%	M	S	58	58	-	68	-	-
Rosmalen, De Eendrachtswerf, De Eendrachtswerf 58-545 , NB, 2005	100%	M	P	26	26	-	36	-	-
Rosmalen, Deken Fritsentraat 40, De Annenborch, NB, 2018	100%	M	P	43	-	43	56	-	-
Rosmalen, Lunersingel, De Lanen, NB, 2019	100%	H	P	39	-	39	52	-	-
Rosmalen, Majeurhof, Majeurhof 58-709 , NB, 2010	100%	M	P	24	24	-	28	-	-
Rosmalen, Octaafstraat, Cadansstraat 58-754 , NB, 2014	100%	M	P	20	10	10	25	-	-
Rosmalen, Vlinderlaan, Vlinderlaan 58-567 , NB, 2006	100%	M	P	36	36	-	44	-	-
Rotterdam, Admiraal de Ruyterweg, Linker Rottekade, ZH, 1985	LH	R	P	246	-	246	149	3	159
Rotterdam, Bataviakade, Voc Plein App 58-703 , ZH, 2008	100%	M	P	26	26	-	26	-	-
Rotterdam, Bottelroos, Heydnahof, ZH, 1983	LH	M	P	161	161	-	175	-	-
Rotterdam, Buitenbassinweg, Buitenbassinweg, ZH, 1991	LH	M	P	68	-	68	57	-	-
Rotterdam, Clazina Kouwenbergzoom, Loreleiflat, ZH, 1992	LH	M	P	53	-	53	46	-	-
Rotterdam, Clazina Kouwenbergzoom, Ringvaartplasbuurt I, ZH, 1990	LH	M	P	53	53	-	57	-	-
Rotterdam, Cromme Meth, Cromme Meth, ZH, 1988	LH	M	P	14	14	-	14	-	-
Rotterdam, De Monchyplein, Boston, ZH, 2017	100%	H	P	48	-	48	43	-	48
Rotterdam, Den Uylsingel, Dosiotoren, ZH, 1989	LH	M	P	56	-	56	44	-	-
Rotterdam, Dirkje Goedhartstraat, Ringvaartplasbuurt II, ZH, 1991	LH	M	P	42	42	-	47	-	-
Rotterdam, Gedempte Zalmhaven, De Hoge Heren I, ZH, 2001	LH	H	P	140	-	140	167	5	330
Rotterdam, Gedempte Zalmhaven, De Hoge Heren II, ZH, 2001	LH	H	P	41	-	41	49	-	-
Rotterdam, Henk Sneevlietstraat, Sneevlietstraat, ZH, 1984	LH	M	P	52	52	-	50	-	-
Rotterdam, Ien Daleshof, Parktoren Prinsenland, ZH, 2009	100%	H	P	47	-	47	52	3	66
Rotterdam, Joost van Ospad, Zevenkamp, ZH, 1988	LH	M	P	49	49	-	53	-	-
Rotterdam, Kruipbrem, Brembuurt, ZH, 1973	100%	M	P	105	105	-	136	-	21
Rotterdam, Landverhuizersplein, Montevideo, ZH, 2005	LH	H	P	45	-	45	55	-	45
Rotterdam, Maashavenkade, Parkkwartier Katendrecht, ZH, 2010	100%	M	P	27	-	27	25	-	28

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P
Rotterdam, Oostmolenwerf, Oostmolenwerf, ZH, 1994	LH	M	P	86	-	86	77	3	69
Rotterdam, Oostmolenwerf, Oude Haven, ZH, 1991	LH	M	P	89	-	89	79	6	40
Rotterdam, Strevelsweg, Poort Van Zuid, ZH, 1994	LH	M	P	70	-	70	62	-	66
Rotterdam, van der Hoevenplein, New Orleans, ZH, 2010	100%	H	P	171	-	171	176	50	205
Rotterdam, Verlengde Nieuwstraat, Markthal, ZH, 2014	100%	H	P	102	-	102	111	-	102
Rotterdam, VOC Plein, Voc Plein Egw 58-707 , ZH, 2008	100%	M	P	13	13	-	13	-	-
Rotterdam, Watertorenweg, Watertorenweg, ZH, 1990	LH	M	P	77	-	77	65	-	-
Rotterdam, Zalmstraat, Willemstoren, ZH, 2019	100%	M	P	76	-	76	57	-	43
Santpoort Zuid, Van Dalenlaan, V.Dalenln.-Zinneveltln. 58-19 , NH, 1935	100%	R	P	2	2	-	2	-	-
Sassenheim, Berline, Berline en Landauer, ZH, 1985	100%	M	P	37	37	-	39	-	-
Sassenheim, Caleche, Brik, ZH, 1986	100%	M	P	61	61	-	64	-	-
Schagen, Fazantenhof, Fazantenhof, NH, 1973	100%	M	S	58	58	-	75	-	-
Schiedam, Slot Haamstedepad, Woudhoek, ZH, 1984	LH	M	P	184	184	-	195	-	-
Sittard, Blijdestein, Blijdestein, LB, 1987	100%	M	S	50	-	50	36	-	12
Sittard, Felix Ruttenlaan, Kollenbergerhof Appartementen, LB, 1987	100%	R	S	52	-	52	38	-	78
Sittard, Kollenberg, Kollenbergerhof, LB, 1988	100%	M	S	19	19	-	21	-	-
Soesterberg, Farman, Farman E.A. 58-121 , UT, 1975	100%	M	P	63	63	-	73	-	-
Stiens, St. Vitusplein, Sint Vitusplein, FR, 1999	100%	R	S	24	-	24	18	-	-
Teteringen, Burgemeester Verdaasdonkstraat, Bouverijen, NB, 2017	100%	M	P	36	36	-	42	-	-
Tilburg, Anna Paulownahof, Koningsplein, NB, 1989	100%	R	P	179	-	179	127	-	53
Tilburg, Buxusplaats, HollandCarré, NB, 2007	100%	M	P	100	-	100	113	-	107
Tilburg, Dinxperlolaan, Drechterlandstraat E.A. 58-268 , NB, 1980	100%	M	P	32	32	-	34	-	-
Tilburg, Haaksbergenstraat, Reeshof, NB, 1990	100%	M	P	56	56	-	73	-	-
Tilburg, Schoolstraat, Schoolstraat, NB, 1989	100%	M	P	174	-	174	140	-	45
Tilburg, Van Anrooylaan, Van Anrooylaan E.A. 58-226 , NB, 1972	100%	M	P	177	177	-	241	-	84
Uithoorn, Aan de Kant, Aan De Kant E.A. 58-79 , NH, 1973	100%	M	P	172	172	-	228	-	13
Uithoorn, Zegge, Zegge 58-124 , NH, 1975	100%	M	P	52	52	-	75	-	-
Uithoorn, Zijdelwaardplein, Zydelwaardplein App. 58-153 , NH, 1987	100%	M	P	14	-	14	11	-	-
Utrecht, Auriollaan, De Auriol, UT, 2017	LH	M	P	51	-	51	42	-	55
Utrecht, Brusselplein, De Fabiola 4, UT, 2017	LH	M	P	21	-	21	14	-	2
Utrecht, Brusselplein, De Letna 3, UT, 2017	LH	M	P	17	-	17	11	-	-
Utrecht, Centrumboulevard, De Rossfeld, UT, 2019	100%	M	P	65	-	65	58	-	-
Utrecht, Churchilllaan, De Churchill, UT, 2017	LH	M	P	66	-	66	53	-	51
Utrecht, Churchilllaan, De Marshall, UT, 2017	LH	M	P	52	-	52	42	-	53
Utrecht, Edmond Audranstraat, Edmond Audranstraat 58-761 , UT, 2012	100%	H	P	33	33	-	45	-	-
Utrecht, Grauwaartsingel, De Richmond, UT, 2017	LH	M	P	75	-	75	72	-	75
Utrecht, Hof van Bern, De Belvedere 2, UT, 2019	100%	M	P	16	-	16	17	-	16
Utrecht, Luxemburgpromenade, De Belvedere 3, UT, 2019	100%	M	P	32	-	32	27	-	32
Utrecht, Luxemburgpromenade, De Fabiola 3, UT, 2017	LH	M	P	22	-	22	19	-	22
Utrecht, Parijsboulevard, De Belvedere 4, UT, 2019	100%	M	P	27	-	27	25	-	27
Utrecht, Parijsboulevard, De Boulogne, UT, 2019	100%	M	P	45	-	45	44	-	45
Utrecht, Parijsboulevard, De Fabiola 2, UT, 2017	LH	M	P	24	-	24	21	-	24
Utrecht, Prof. Magnuslaan, Dr.J.P.Thysselaan E.A. 58-95 , UT, 1937	100%	H	P	87	87	-	76	-	2
Utrecht, Rooseveltlaan, De Roosevelt, UT, 2017	LH	M	P	66	-	66	53	-	53
Utrecht, Vaduzdijk, De Victoria 2, UT, 2017	LH	M	P	24	-	24	20	-	24
Utrecht, Vaduzdijk, De Victoria 4, UT, 2017	LH	H	P	15	-	15	14	-	15
Utrecht, Wenenpromenade, De Boulogne 2, UT, 2019	100%	M	P	24	-	24	16	-	24
Utrecht, Wenenpromenade, De Victoria 3, UT, 2017	LH	M	P	33	-	33	27	-	33
Utrecht, Willemstraat, Waterstraat-Willemstr. 58-316 , UT, 1991	100%	M	P	15	15	-	9	1	-
Vaals, Sjwats Jris, Bloemendal, LB, 1997	100%	M	O	18	-	18	16	-	15
Valkenburg a/d Geul, Cauberg, Caubergklooster, LB, 2007	100%	H	O	39	-	39	-	-	-
Valkenburg a/d Geul, De Valk, De Valk/Spoorlaan, LB, 1994	100%	M	O	17	-	17	16	-	13
Veenendaal, Uiverstraat, De Pionier, UT, 2018	100%	M	P	23	-	23	18	-	-
Veenendaal, Willem Barentszstraat, Willem Barentszstraat 58-547 , UT, 2005	100%	M	P	26	-	26	22	-	26
Velsen, Maan Bastion, Maanbastion, NH, 1990	100%	M	P	74	-	74	53	-	26
Velsen, Ster Bastion, Sterbastion, NH, 2001	100%	M	P	67	-	67	63	-	-

City, Street, Name, Province, Construction year	LAND	RS	R	U	FH	APP	UA	COG	P
Venlo, Bertha Soreestraat, Groeneveld, LB, 1993	100%	M	S	21	21	-	25	-	-
Venlo, Gebroeders Daelstraat, Vijverzicht, LB, 1991	100%	M	S	10	10	-	11	-	-
Venlo, Harry Meijerstraat, Vijverzicht Appartementen, LB, 1991	100%	M	S	60	-	60	55	-	-
Venlo, Morion, Morion, LB, 2000	100%	M	S	16	16	-	19	-	-
Vianen, Benedictushof, Benedictushof E.A. 58-348 , UT, 1983	100%	M	S	46	46	-	44	-	-
Vleuten, Mesdaglaan, J.Vermeererf E.A. 58-255 , UT, 1988	100%	M	P	40	40	-	46	-	-
Vleuten, Vincent van Goghlaan, Mondriaanerf E.A. 58-152 , UT, 1987	100%	M	P	36	36	-	40	-	-
Vleuten-De Meern, Molenpolder, Meiborg, UT, 2003	100%	H	P	28	-	28	43	-	42
Vleuten-De Meern, Molenpolder, Weideborg, UT, 2003	100%	M	P	32	-	32	33	2	31
Vleuten-De Meern, Prof. Titus Brandsmalaan, Secr.Versteeglaan, UT, 1969	100%	M	P	123	123	-	147	-	6
Vogelenzang, Graaf Willemlaan, Margarethahof-Willemln. 58-233 , NH, 1987	100%	M	P	47	47	-	53	-	-
Voorburg, Appelgaarde, Appelgaarde, ZH, 1976	100%	M	P	46	46	-	52	-	-
Voorburg, Distelweide, Distelweide, ZH, 1974	100%	H	P	40	40	-	45	-	14
Voorburg, Kersengaarde, Kersengaarde, ZH, 1976	100%	M	P	118	118	-	141	-	-
Voorhout, Bloemenschans, Bloemenschans, ZH, 1985	100%	M	P	41	41	-	39	-	-
Voorhout, Brevierstraat, Koningsoord, ZH, 2019	100%	M	P	33	33	-	42	-	-
Voorhout, Hooghkamer, Hooghkamer, ZH, 2018	100%	M	P	65	65	-	74	-	-
Voorhout, Mozartlaan, Mozartlaan 58-552 , ZH, 2005	100%	H	P	23	6	17	30	-	-
Voorschoten, Annie M.G. Schmidtlaan, Annie Mg Schmidtln App 58-688 , ZH, 2009	100%	H	P	36	5	31	44	-	4
Voorschoten, Jan Evertsenlaan, Evertsenln.-Planciuspl. 58-105 , ZH, 1976	100%	M	P	40	-	40	34	-	6
Voorschoten, Tonke Dragtsingel, Hugo Clausstraat Egw 58-696 , ZH, 2009	100%	H	P	46	46	-	67	-	-
Waalwyk, Grotestraat, Grotestraat 335, 339 1-14, NB, 1939	100%	R	P	1	1	-	2	-	-
Waalwyk, Grotestraat, Grotestraat 341, 343 3-11, NB, 1956	100%	R	P	1	1	-	1	-	-
Wageningen, Elstar, Park Haagsteeg, GD, 2010	100%	H	P	28	-	28	35	-	28
Wageningen, Morfelden-Walldorfplein, Nobelpark, GD, 2011	100%	M	P	28	-	28	30	-	28
Wassenaar, Van Polanenpark, van Polanenpark, ZH, 1972	100%	H	P	44	44	-	62	-	9
Wassenaar, Van Warmondlaan, Zijlwatering, ZH, 1992	100%	H	P	32	32	-	43	-	-
Weert, Ceres, Ceres, LB, 2009	100%	M	S	40	-	40	41	-	40
Weesp, Anna Horstinkstraat, Anna Horstinkstraat 58-708 , NH, 2010	100%	H	P	17	-	17	20	-	-
Wijchen, Abersland, Abersland I, GD, 1987	100%	M	S	29	29	-	29	-	-
Wijchen, Abersland, Abersland II, GD, 1988	100%	M	S	17	17	-	16	-	-
Woerden , Jan van Beierenlaan, Hollands M, UT, 2018	100%	M	P	64	-	64	55	-	-
Woerden, Hoge Rijndijk, Heeren van Woerden, UT, 2010	100%	M	P	46	-	46	37	-	69
Zaandam, Boeierlaan, Boeierlaan E.A. 58-70 , NH, 1972	100%	M	P	164	164	-	244	-	33
Zeist, De Brink, Brink E.A. 58-76 , UT, 1985	100%	M	P	98	98	-	116	-	-
Zeist, P.C. Hooftlaan, Hooftlaan-Sproncklaan 58-3 , UT, 1938	100%	M	P	2	2	-	3	-	-
Zeist, Slotlaan, Slotlaan 28-48 App. 35-528 , UT, 1956	100%	R	P	49	49	-	36	-	22
Zeist, Slotlaan, Slotlaan 50-60 App. 35-529 , UT, 1995	100%	H	P	4	4	-	7	-	-
Zoetermeer, Bordeauxstraat, Frankrijklaan, ZH, 1987	100%	M	P	41	41	-	42	-	-
Zoetermeer, Debussyrode, Beethovenrode E.A. 58-115 , ZH, 1972	100%	M	P	40	40	-	46	-	-
Zoetermeer, Elia Kazanstrook, De Stroken I, ZH, 1979	100%	M	P	244	244	-	284	-	-
Zoetermeer, Marsmanhove, De Hoven, ZH, 1979	100%	M	P	70	25	45	61	-	-
Zoetermeer, Oliver Hardystrook, De Stroken II, ZH, 1980	100%	M	P	94	94	-	110	-	-
Zoetermeer, Reimsstraat, Reimsstraat, ZH, 1987	100%	M	P	108	-	108	82	-	108
Zoetermeer, Stan Laurelstrook, De Stroken Appartementen, ZH, 1979	100%	M	P	48	-	48	44	2	9
Zoetermeer, Zijlberg, Meerzicht, ZH, 1975	100%	M	P	31	31	-	38	-	66
Zutphen, Verdistraat, Ravel, GD, 2007	100%	H	S	34	-	34	43	-	34
Zwolle, Kromme rijn, AA landen I, OV, 1969	100%	M	P	126	126	-	153	-	74
Zwolle, Noordzeelaan, Les Pavillions , OV, 2018	100%	M	P	89	-	89	52	-	-
Zwolle, Provincieroute, Oldenelerlanden, OV, 1989	100%	M	P	67	67	-	78	-	-
Zwolle, Van bosseware, Ittersumerlanden I, OV, 1984	100%	M	P	106	106	-	126	-	-
Zwolle, Van Zuylenware, Ittersumerlanden II, OV, 1987	100%	M	P	39	39	-	44	-	5
Zwolle, Zaan, AA landen II, OV, 1969	100%	M	P	39	39	-	48	-	25
				27,290	**12,331**	**14,959**	**27,593**	**446**	**9,716**

Annex 6: External appraisers

Appraisal process for investment properties

The purpose of the appraisal is to gain an accurate and independent valuation of the assets at the end of each quarter. The valuation of the residential properties in the investment portfolio complies with the relevant legislation and regulations (AIFM Directive, IFRS and Dutch legislation and regulations).

The appraisal is conducted in accordance with the guidelines and regulations of the Nederlands Register Vastgoed Taxateurs (NRVT; Dutch Register of Real Estate Appraisers), the prevailing valuation guidelines and valuation models as laid down by the Dutch property index, IPD, and the RICS Appraisal and Valuation Standards, the Red Book (including the International Valuation Standards, IVS) or the Blue Book (including the European Valuation Standards, EVS). The valuations of the residential properties are conducted using the Return TM valuation system.

In 2019, the valuations of the properties in the portfolio were conducted by the following agencies:

- Capital Value
- JLL
- Savills
- Cushman & Wakefield
- Dynamis
- MVGM (for Q3 and Q4)

Valuations are conducted by qualified appraisers from these agencies; the appraisers are registered in the NRVT, which guarantees the initial qualification of the appraiser and his/her continuous training, and preferably also in RICS. In order to guarantee their independence and objectivity, every appraisal agency is contracted for a period of maximum of four years (two in-growth quarters – three base years – two out flow quarters).

For the purpose of the valuations, Vesteda divides its properties into five portfolios, each with its own appraisal agency. Once a property has been valued by the same appraisal agency for three years, it is assigned a different appraisal agency, to guarantee the objectivity of the appraisal. The appraisers value the properties that Vesteda assigns them once every three years, based on a full valuation. For this valuation, the appraiser visits the property in question and incorporates, substantiates and records all the factors relevant to the value of the property in the appraisal. In the remaining two years and quarters, the valuation is an update or a reappraisal of the previously conducted (full) appraisal. For this update or reappraisal, the appraiser does not need to visit the property and will update data and references and adjust the value on the basis of market developments relevant to the property. The existing valuation cycle for a property is structured as follows:

Four-year period:

Two quarters : appraiser A : out flow quarters and appraiser B : in-growth quarters (slow build up to full valuation)
Four quarters : appraiser B : full valuation and 3 quarters update
Four quarters : appraiser B : reappraisel and 3 quarters update
Four quarters : appraiser B : reappraisel and 3 quarters update
Two quarters : appraiser B : out flow quarters and appraiser C : in-growth quarters (slow build up to full valuation)

Annex 7: Definitions

	Definition
AFM	Autoriteit Financiële Markten (Financial Markets Authority).
AIFM-D	Alternative Investment Fund Managers Directive.
Business Plan	A strategy document that contains the 5 year strategy of Vesteda.
CMBS	Commercial mortgage-backed securities (CMBS) are a type of mortgage-backed security that is secured by the mortgage right on a commercial property.
Core fund	Core fund according to the INREV Style Classification.
CPI	Consumer Price Index.
CRM system	Customer Relation Management System.
CSSR	Corporate Sustainability and Social Responsibility.
Dividend yield/distribution to investors (%)	Annual distribution per participation right in year t-1, paid in year t, divided by the opening equity per participation in year t.
DNB	De Nederlandsche Bank (Dutch Central Bank).
GDPR	The General Data Protection Regulation is a regulation in EU law on data protection and privacy in the European Union (EU) and the European Economic Area (EEA). It also addresses the transfer of personal data outside the EU and EEA areas.
EMTN Programme	Euro Medium Term Note Programme, a programme providing debt instruments.
Energy agreement	See Climate Agreement.
ESG	The three central factors in measuring sustainability: Environmental, Social and Governance.
FGR	Fonds voor gemene rekening (a fund for the joint account of the participants under Dutch law, see section legal structure).
FSA	Dutch Financial Supervision Act
GAV	Gross Asset Value (GAV) is the value of total assets (balance sheet).
GRESB	The Global Real Estate Sustainability Benchmark (GRESB) is an industry-driven organisation committed to assessing the sustainability performance of real estate portfolios (public, private and direct) around the globe. The dynamic benchmark is used by institutional investors to engage with their investments with the aim to improve the sustainability performance of their investment portfolio, and the global property sector at large.
GRI	Global Reporting Initiative (GRI) is an international independent organisation that helps businesses, governments and other organisations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others.
Gross initial yield	Theoretical rent (on a given reference date) from a residential complex divided by the total investment in that residential complex.
Gross rental income	Theoretical rent less loss of rent.
Gross/net ratio	The percentage of property operating expenses relative to gross rental income.
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.
INREV	INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. They are Europe's leading platform for the sharing of knowledge on the non-listed real estate industry. Their goal is to improve transparency, professionalism and best practices across the sector, making the asset class more accessible and attractive to investors.
Investment portfolio	All fully-completed and for rent available properties owned by Vesteda.
Investor (or Participant)	Holder of a direct interest in Vesteda Residential Fund.
ISAE 3402	International Standards on Assurance Engagements Standards 3402
IVBN	Vereniging van Institutionele Beleggers in Vastgoed (Association of Institutional Property Investors).
KPI	Key Performance Indicator. A specific target used to translate strategy in to measurable results.
Leverage	Debt capital/total assets (including IFRS16).
Like-for-like rent increase	Comparison of this year’s rent to last year’s rent, taking into consideration only those complexes that were in portfolio during both time periods.
Loss of rent	Net financial vacancy plus incentives.
LTV (loan to value)	Debt capital/investment portfolio.
Management expenses	Any expenses that can not be allocated directly to the various properties are regarded as management expenses.
Market Rent	Rent of a property according to the market at a certain time.

	Definition
Market Value	Value of a property according to the market at a certain time.
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.
MSCI IPD Netherlands Residential Benchmark	Benchmark to determine the performance of the portfolio in comparison to other Dutch real estate portfolio's.
NAV	Net asset value (NAV) is the value of Vesteda's assets minus the value of Vesteda's liabilities.
Net financial vacancy	Gross financial vacancy less vacancy charged to results on property sales.
Net rental income	Gross rental income minus property operating expenses and other income.
NeVap	Nederlands Vastgoedexploitatie Platform (independent Dutch Property Management Platform).
Non-regulated sector or liberalised segment	Residential properties with rents above the regulation limit (€ 720.42 in 2019). These properties are in the mid and higher rental sectors.
Occupancy rate	The number of residential properties actually generating rental income as a percentage of the number of properties that could generate rental income.
Other region	Regions that are not primary or secondary.
PAM	Platform Amsterdam Middenhuur. Platform interested in an innovative approach that should lead to a substantial increase in middle-rent housing in Amsterdam.
Participant (or Investor)	Holder of a direct interest in Vesteda Residential Fund.
Primary region	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.
Property operating expenses	All expenses that can be directly allocated to the various properties in the investment portfolio.
REER	Real Estate Expense Ratio: Total property operating expenses divided by average GAV expressed in basis points.
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.
Regulated rental segment	Residential properties with rents below the deregulation limit (€ 720.42 in 2019).
Return on equity (ROE)	Return on equity (ROE) is the amount of total comprehensive income divided by opening equity.
Reversionary potential	The difference between market and theoretical rent divided by theoretical rent.
Revolving Credit Facility (RCF)	Credit Facility for short term debt.
Secondary region	Secondary regions have a lower score than primary regions but have a positive economic and demographic outlook.
Standing portfolio	All existing properties within the portfolio.
Sustainable Development Goals (SDG's)	Set of goals set up by the World Business Council for Sustainable Development (WBCSD). These goals serve as guidance for enterprises to conduct business in a more sustainable way.
Systematic Compliance Risk Analysis (SCRA)	Analysis Performed by Vesteda's compliance depatment in order to identify risks within the compliance framework.
TER (NAV/GAV)	Total Expense Ratio: Total management expenses divided by average NAV or average GAV expressed in basis points.
Theoretical rent	Passing rent for rented units and market rent for vacant units.
Vesteda Finance B.V.	See Legal structure section of this report.
Vesteda Investment Management B.V.	See Legal structure section of this report.
Vesteda Project Development B.V.	See Legal structure section of this report.
Vesteda Residential Fund	The Vesteda mutual fund, see Legal structure section of this report.
WELL building standard certificate	Building standard focusing on the health and wellbeing within buildings.
YE	Year-end

Colophon

The Vesteda Annual Report 2019 is published in the English language only.

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