



## **Vesteda Finance B.V.**

*(Incorporated with limited liability in The Netherlands with its statutory seat in Amsterdam)*

**€2,000,000,000**

### **Guaranteed Euro Medium Term Note Programme**

Under the Guaranteed Euro Medium Term Note Programme described in this Prospectus (the **Programme**), Vesteda Finance B.V. (the **Issuer**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Guaranteed Euro Medium Term Notes (the **Notes**) guaranteed by each of Custodian Vesteda Fund I B.V., Custodian Vesteda Fund III B.V. and Custodian Vesteda Fund IV B.V. (the **Guarantees** and the **Guarantors** respectively). The expression "Guarantors" shall include each additional person who becomes a Guarantor pursuant to a deed of guarantee originally dated 3 July 2014 as most recently amended and restated on 20 June 2018 (the **Deed of Guarantee**). The aggregate nominal amount of Notes outstanding will not at any time exceed €2,000,000,000 (or the equivalent in other currencies).

The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**), in its capacity as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the **Wft**) relating to prospectuses for securities, has approved this Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area (the **Prospectus Directive**). Application may be made to Euronext Amsterdam N.V. (**Euronext**) for Notes issued under the Programme to be listed on Euronext in Amsterdam (**Euronext Amsterdam**). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been listed and admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**). However, unlisted Notes may also be issued pursuant to the Programme and application may be made to other exchanges for Notes issued under the Programme to be listed on such other exchanges provided that, in the case of a listing on a regulated market, a prospectus supplement or individual (drawdown or base) prospectus is published. The relevant Final Terms (as defined in "Overview of the Programme – Method of Issue") in respect of any Notes will specify whether or not an application will be made for such Notes to be listed on Euronext Amsterdam or on any other exchange.

Each Series (as defined in "Overview of the Programme – Method of Issue") of Notes will be in bearer form and will be represented on issue by a temporary global note in bearer form (each a **Temporary Global Note**) or a permanent global note in bearer form (each a **Permanent Global Note**). If the Global Notes (as defined in "Overview of the Programme – Method of Issue") are stated in the applicable Final Terms to be issued in new global note (**NGN**) form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche (as defined in "Overview of the Programme – Method of Issue") to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

Global notes which are not issued in NGN form (**Classic Global Notes** or **CGNs**) will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the **Common Depository**).

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

Tranches of Notes (as defined in "Overview of the Programme – Method of Issue") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the **CRA Regulation**) will be disclosed in the relevant Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

All investments in the Notes issued under the Programme involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

Amounts payable on Notes may be calculated by reference to LIBOR or EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, ICE Benchmark Administration Limited (**IBA**) as the administrator of LIBOR is included in the European Securities and Markets Authority's (**ESMA**) register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmark Regulation**). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that the European Money Markets Institute (**EMMI**) as the administrator of EURIBOR is not currently required to obtain authorisation or registration. If a benchmark (other than EURIBOR or LIBOR) is specified in the applicable Final Terms, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Base Prospectus or any applicable Final Terms to reflect any change in the registration status of the administrator.

**Arranger for the Programme**

**ABN AMRO**

**ABN AMRO**

**Dealers  
BNP PARIBAS**

**RABOBANK**

*This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive in relation to the Issuer and the Guarantors and for the purpose of giving information with regard to the Issuer; the Guarantors and affiliates taken as a whole (Vesteda) and the Notes which, according to the particular nature of the Issuer; the Guarantors and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

*The Issuer and the Guarantors (the **Responsible Persons**) accept responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (the **EEA**) which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by the Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.*

*This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”). This Prospectus shall be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.*

**No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors or any of the Dealers or the Arranger (as defined in “Overview of the Programme”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantors since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantors since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

**The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantors, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.**

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantors or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantors, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantors during the life of the arrangements contemplated by this Prospectus as supplemented from time to time nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

Certain alternative performance measures (as defined in the ESMA Guidelines on Alternative Performance Measures) (Alternative Performance Measures or APMs) are included in this Prospectus. See “Glossary” below for more information.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or person(s) acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

All references in this Prospectus to “euro”, “EUR” and “€” refer to the lawful currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union, those to “U.S. dollars”, “dollar”, “U.S.\$”, “\$” and “USD” refer to the lawful currency of the United States of America, and those to “Sterling”, “£” and “GBP” refer to the lawful currency of the United Kingdom.

#### **IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the PRIIPs Regulation) for offering or selling the Notes or

otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **MiFID II PRODUCT GOVERNANCE / TARGET MARKET**

The applicable Final Terms in respect of any Tranche of Notes may include a legend entitled "MiFID II Product Governance / Target Market" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made at the time of each issue whether, for the purposes of the MiFID II Product Governance rules under Commission Delegated Directive (EU) 2017/593 (the **MiFID II Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules. For the avoidance of doubt, the Issuer is not subject to the MiFID II Product Governance Rules and will not make or be responsible for any target market assessment.

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## RISK FACTORS

*In purchasing Notes, investors assume the risk that the Issuer and the Guarantors may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer and the Guarantors becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantors may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantors' control. The Issuer and the Guarantors have identified in this Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Notes or the Guarantors' obligations under the Guarantees**

#### A. BUSINESS RISKS

##### *Issuer / Guarantors Structure*

The Issuer is dependent on the basis set out below on the Guarantors and other entities of the Vesteda Residential Fund, an open-ended fund for the joint account of the participants (*fonds voor gemene rekening*) under Dutch law (the **Fund**).

The Issuer acts as financing company of the Fund and the principal activity of the Issuer is the provision of loans to entities of the Fund (including the Guarantors), which the Issuer finances with funds acquired from capital markets transactions and bank loans.

The assets of the Issuer mainly consist of financial investments in Fund companies, receivables from loans to Fund companies, and other receivables owed by Fund companies. The ongoing business activities of the Issuer depend on the ability of the Guarantors and other companies of the Fund to fulfill their payment obligations vis-à-vis the Issuer or the obligation to assume losses. If individual or all entities of the Fund were unable to meet their payment obligations to the Issuer in due time, this could considerably impair the ability of the Issuer to meet its obligations arising from the Notes towards the Noteholders.

##### *Redemption risk*

It is possible that the Fund incurs losses if it has to sell its assets to meet redemption requests of its participants. In particular if redemptions are large, occur during volatile market periods, at a time when the Fund's assets have declined in value, or if the underlying assets to be sold have become undesirable or illiquid this could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

*The Guarantees will be subject to certain limitations on validity and enforcement and may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability*

The Guarantees given by the Guarantors provide Noteholders with a direct claim against the relevant Guarantor in respect of the Issuer's obligations under the Notes. Enforcement of each Guarantee would be subject to certain generally available defences including those relating to corporate benefit, fraudulent conveyance or transfer, voidable preference, corporate purpose and capital maintenance and similar laws.

If a Dutch company grants a guarantee and that guarantee is not in the company's corporate interest, the guarantee may be voidable pursuant to section 2:7 Dutch Civil Code (*Burgerlijk Wetboek*) if the beneficiary knew or should have known that the guarantee was not in the company's corporate interest. In such case the guarantee could be voided by the Dutch company, its receiver and its administrator (*bewindvoerder*) and, as a consequence, would not be valid, binding and enforceable against it. In determining whether the granting of such guarantee is in the interest of the relevant company, the Dutch courts would consider the text of the objects clause in the articles of association of the company and whether the company derives certain commercial benefits from the transaction in respect of which the guarantee was granted. In addition, if it is determined that there are no, or insufficient, commercial benefits from the transaction for the company that grants the guarantee, then such company (and any bankruptcy receiver) may contest the enforcement of the guarantee and it is possible that such challenge would be successful. Such benefit may, according to Dutch case law, consist of indirect benefit derived by the company as a consequence of the interdependence of the company with the group of companies to which it belongs. In addition, it is relevant whether, as a consequence of the granting of the guarantee, the continuity of such company would be foreseeably endangered by the granting of such guarantee. It remains possible that even where strong financial and commercial interdependence exists, the transaction may be declared void if it appears that the granting of the guarantee cannot sufficiently serve the realisation of the relevant company's objects.

A guarantee granted by a Dutch legal entity may, under certain circumstances, also be nullified by any of its creditors (or a receiver in its bankruptcy), if (i) the guarantee was granted without an obligation to do so (*onverplicht*), (ii) the creditor concerned was prejudiced as a consequence of the guarantee and (iii) at the time the guarantee was granted both the legal entity and, unless the guarantee was granted for no consideration (*om niet*), the beneficiary of the guarantee knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced.

If a court were to find a Guarantee given by a Guarantor void, unenforceable or otherwise ineffective as a result of local laws or defences holders would cease to have any claim in respect of that Guarantor and would be creditors solely of the Issuer and any remaining Guarantors.

#### *General*

Real property investments are subject to varying degrees of risk. Rental revenues, property values and the demands of tenants are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for residential property in an area, competition from other available space or increased operating costs. Rental revenues and property values are also affected by such factors as political developments, government regulations and changes in planning laws or policies or tax laws, interest rate levels, inflation, wage rates, levels of employment and the availability of consumer credit. If the indicators discussed above develop negatively from the Fund's perspective, this could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### *Geopolitical developments*

Despite improvements in business conditions since the economic and financial crisis, the global economy continues to experience a slow and uncertain recovery. Persistent concerns over the slow economic recovery, the European sovereign debt crisis, the outcome of the negotiations between the UK and the EU following the UK referendum on the membership of the EU (Brexit), the potential exit of other member states from the Eurozone, increased political instability in Europe, unemployment, the availability and costs and credit, credit spread, quantitative easing within the Eurozone, inflation/deflation levels and geopolitical tensions in Ukraine, Syria, North Korea and the Balkan countries all have contributed to increased volatility and diminished expectations in the markets in recent years. Such instability and the resulting market volatility may also create contagion risks for countries like The Netherlands and may spread to the Dutch financial sector and the Dutch residential real estate market.

Given the Fund's dependence on its ability to access capital markets and other financial markets to refinance its liabilities, a deterioration in economic circumstances and continued instability may negatively affect the Fund's ability to refinance its present and future liabilities. Furthermore, in the case of economic deterioration and continued instability, the Fund's counterparties may not be able to fulfil their obligations towards the Fund, whether as result of insolvency, lack of liquidity or other reasons. Any of these risks could have material adverse effects on the Fund's business, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### *Regional Economic Developments*

The Fund is dependent on demographic and economic developments in The Netherlands and in the regional sub-markets where its properties are located (the **Properties**, each a **Property** and together, as the context may require, the **Portfolio**). Further, the Fund is dependent on its ability to adapt its housing activities to these developments.

The ability to attract the appropriate types and numbers of tenants paying rent levels will be dependent, among other things, on the performance generally of the real property market. Rental revenues and values are sensitive to such factors which can sometimes result in rapid, substantial increases and decreases in rental and valuation levels. Any resulting decline in market value could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

A change in economic or demographic circumstances may weaken the income situation for households and therefore adversely affect the income that can be spent on housing. Economic and demographic developments significantly impact, among other things, the demand for the Properties, the rents the Fund is able to charge and the payment behaviour of the Fund's tenants. These factors have a significant effect on vacancy rates, the Fund's revenues and the valuation of the Properties. Accordingly, the Fund is subject to economic developments in The Netherlands and to the trends in the regional sub-markets in which its portfolio is concentrated. In particular:

1. Change in market conditions and competition may adversely affect market rents and therefore rental income;
2. Increased vacancy rates will adversely affect rent revenues;
3. The ability of the Fund to manage occupancy rates;
4. Under deteriorating economic circumstances tenants may not be able to pay the rents they are due to pay. This risk may adversely affect income from rental activities;
5. Operational cost inflation, such as increased cost of maintenance or other services cannot always be transferred to tenants. This may adversely impact net revenue from rental activities.

If the macro-economic indicators discussed above develop negatively from the Fund's perspective, the Fund's dependence on economic and demographic developments in The Netherlands and in the regional sub-markets where its Properties are located could have material adverse effects on the Fund's business, net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Competition*

The Fund is one of the largest private residential funds in The Netherlands, acquiring, developing, managing, letting and selling residential properties currently located in The Netherlands. In the low-rent sector and medium-rent sector, the housing associations are the largest landlords in The Netherlands, having social and community mandates. However, the Properties fall predominantly in the medium to high-rent sector. An increase in competition could, for example, have an impact on the rental income available to the Fund and the value of its Properties, which could have a material adverse effect on the Fund's business, net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Strategy*

The strategy of the Fund is based on certain assumptions relating to, *inter alia*, economic conditions, market for rental properties, and demographic conditions in The Netherlands. Although the Fund has no reason to believe that these assumptions are inappropriate, it cannot be excluded that these assumptions turn out to be incorrect. This could, for example, have an impact on the rental income available to the Fund and the value of its Properties, which could have a material adverse effect on the Fund's business, net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Operations / Property Management*

Pursuant to the terms and conditions of the Fund (the **Fund Terms and Conditions**) Vesteda Investment Management B.V. acts as fund manager of the Fund (the **Fund Manager**). The Fund Manager is *inter alia* responsible for day-to-day operations and implementation of strategy of the Fund.

The net cash flow realised from the Properties may be affected by management decisions. The Properties are managed by the Fund Manager. The Fund Manager and its local management branches are responsible for finding new tenants and for negotiating the terms of leases with such tenants although the Fund Manager is ultimately responsible. Whilst the Fund Manager is experienced in managing residential property, there can be no assurance that decisions taken in the future by it (or by its representatives at local branches on its behalf) will not adversely affect the value and/or cash flows of the Properties which could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Service Providers*

The Fund Manager employs and works together with a large number of service providers, including providers of IT infrastructure/cloud services, energy providers and providers of minor repairs and maintenance services and therefore depends on their performance. No assurance can be given that such services will be rendered in a timely manner or that their quality will comply with the Fund's requirements. Moreover, certain contractors may

experience operational or solvency issues and certain services may become unavailable to the Fund as a result. Any failures by contractors may result in delays and additional expenses for the Fund which could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *IT Systems*

The Fund's information technology systems are essential for its business operations and success, and hosting of these systems is, for a substantial part, outsourced to a third party. Any interruptions in, failures of, or damage to its information technology systems could lead to delays or interruptions in the Fund's business processes. Any malfunction or impairment of the Fund's computer systems could interrupt its operations, lead to increased costs, and may result in lost revenue. The Fund's information technology systems may be vulnerable to computer viruses, malicious security breaches and cyber-attacks from unauthorised persons that could jeopardise the Fund's confidential information (or that of its counterparts), which can potentially result in financial loss, harm to the Fund's reputation and hinder its operational effectiveness. Any default, operational or solvency issues of the hosting contractor may result in delays and additional expenses for the Fund. In 2018 the Fund will work on the implementation of a new ERP-system, which is scheduled to launch in Q1 2019. The process of implementation could lead to extensive human capital being allocated to this process which could lead to a lack of resources allocated to the Fund's general operations and may result in lost revenue. Any test runs in the implementation process could lead to delays or interruptions in the Fund's business processes and may result in lost revenue. After launch of the new ERP system, it may appear that it is not operating optimal and that it may suffer from interruptions, and both can have a negative effect on the Fund's business processes. The materialisation of one or more of these risks could have material adverse effects on the Fund's business, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Data Protection*

The Fund's procedures and security measures in relation to the storage and processing of personal data may prove to be inadequate and/or not in compliance with the laws and regulations (including, without limitation, Regulation (EU) 2016/679 (General Data Protection Regulation)) and/or may not be promptly or properly implemented by employees and agents alike. Personal data could thus be subject to damage, loss, theft and disclosure or processing for purposes that were not authorised by the Fund's counterparts which could result in fines of up to EUR 20,000,000 or 4% of annual turnover, whichever is higher. The materialisation of one or more of these risks could have material adverse effects on the Fund's business, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Insurance*

The Properties are all insured against losses due to fire, natural hazards and specified other risks. However, the applicable insurance policies are subject to exclusions and limitations of liability. Certain types of risks and losses (for example, losses resulting from terrorism) are normally not covered in respect of the Properties. Other types of risks and losses may become either uninsurable or not economically insurable or are not covered by the insurance policies. The Fund may, therefore, have limited or no coverage for losses that are excluded or that exceed the respective coverage limitations.

In addition, the Fund's insurance providers could become insolvent. Should an uninsured loss or a loss in excess of the Fund's insurance limits occur, the Fund could lose capital invested in the affected Property as well as anticipated income and capital appreciation from that Property. Moreover, the Fund may incur further costs to

repair damage caused by uninsured risks. The Fund could also be held liable for any debt or other financial obligation related to such a Property. Thus, the Fund may experience material losses in excess of insurance proceeds, which could have a material adverse effect on the Fund's business, net assets, financial condition, cash flow, and results of operations.

If an uninsured or uninsurable loss were to occur the Fund may experience material losses, which could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *CSSR*

This is the risk that Vesteda is unable to meet its CSSR targets and ambitions, which form an integral part of Vesteda's business plan. Vesteda's two main CSSR targets are:

1. By the end of 2020, at least 80% of Vesteda's homes will have energy label A, B or C; no more than 20% of Vesteda's homes will have energy label D; and Vesteda will have no homes with labels E, F or G.
2. Vesteda aims to achieve a GRESB five-star rating in 2018 and a GRESB number three position in 2018.

To mitigate the risk of Vesteda not meeting its CSSR's ambitions, Vesteda has implemented various control measures, such as (i) frequent monitoring of CSSR-performance against targets in the five-year business plan and yearly budget and (ii) a specific CSSR-investment programme and investment budget at complex level. Specific actions to further improve controls on CSSR in 2018 include a review of the various CSSR KPIs to improve reporting efficiency and effectiveness and the recruitment of a dedicated CSSR professional to assist and accelerate the realisation of the targets by the business.

Despite such control measures, Vesteda may fail to meet its CSSR targets which could have material adverse effects on the Fund's business, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

## **B. REGULATORY RISKS RELATING TO REAL ESTATE**

### *General*

The Fund is subject to varying degrees of local, regional and national regulation, covering environmental, safety and maintenance standards and tenants' rights, and other factors that affect the property market. There can be no assurance that such laws or regulations or the interpretation or enforcement of or change in any such laws or regulations will not have an adverse effect on the value of the Properties or require the Fund to incur additional costs or otherwise adversely affect the management of its Properties, which could adversely affect the results of operations and financial condition of the Fund, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### *Regulatory framework for leasing residential properties*

The Fund's business is subject to the general legal climate in The Netherlands. Any disadvantageous changes in the legal climate, such as mandatory environmental modernisation provisions, restrictions regarding modernisation measures or provisions (including taxes) that result in the incurrence of costs in the event of a Property sale may be detrimental to the Fund, and could eventually impair the ability of the Issuer and the

Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Rent restriction*

In The Netherlands, the rent for residential premises is not always freely negotiable between the landlord and the tenant. Further, the ability of landlords to increase rent under existing tenancy agreements is limited under Dutch law. This may therefore adversely affect rental income or the possibility to realise rental increases, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### C. LEGAL AND REGULATORY RISKS

#### *AIFMD license*

The Directive 2016/61/EU on Alternative Investment Fund Managers (**AIFMD**) introduces harmonised requirements for entities engaged in the management and administration of alternative investment funds (**AIF**) addressed to professional investors in the EU.

The Fund qualifies as investment fund as defined in the Wft. Moreover, the Fund Manager obtained a license from the AFM under Dutch law implementing the AIFMD (the **AIFMD License**) and qualifies as an Alternative Investment Fund Manager (**AIFM**). In order to retain authorisation as an AIFM, the Fund Manager has to comply with the requirements of the AIFMD and the Wft which range from, among others, capital requirements, risk and liquidity management, the appointment of a single depositary to rules regarding disclosure to investors and reporting to competent authorities. The Fund Manager has completed the licensing procedure and received confirmation from the AFM that it complies with the current obligations.

A failure to retain the AIFMD License could have material adverse effects on the Fund Manager and therefore negatively affect the Fund's business, net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer to meet its obligations arising from the Notes towards the Noteholders.

#### *Change of law*

The Fund Terms and Conditions are governed by Dutch law as applicable at the relevant time. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice in The Netherlands after the date of this Prospectus. Specifically, it is possible that a change in Dutch law or administrative practice may impact the management of the Fund under the Fund Terms and Conditions and lead to increased cost. This could negatively affect the Fund's business and financial condition, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### D. ENVIRONMENTAL RISKS

#### *Catastrophic events*

Some of the Fund's properties are located in areas with a risk of catastrophic events, such as storms, earthquakes and flooding. These may result in severe damages to the Fund's properties. Regardless of whether any losses that might be caused are covered by insurance, whether in whole or in part, such events may directly or indirectly affect the value of the Fund's portfolio of properties. They may create economic uncertainties that could have a negative effect on economic conditions in the regions in which the Fund operates and, more specifically, on the Fund's business, financial condition, operational results or prospects by reducing demand for space in the

Fund's properties or in other ways that cannot be predicted, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Pollution*

It is possible that the Properties the Fund owns or acquires may contain ground contamination, hazardous materials and/or other residual pollution. For example hidden environmentally detrimental materials such as asbestos may be found in Properties which creates the obligation to have such materials removed. The Fund bears the risk of cost-intensive remediation and removal of the aforementioned hazardous materials, other residual pollution, wartime ordnance, or ground contamination. This will incur costs that can adversely affect net income of the Fund, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

The Fund is also exposed to the risk that it may no longer be able to take recourse against the polluter or the previous owners of affected Properties. The existence or even suspected existence of hazardous materials, other residual pollution or ground contamination can negatively affect the value of a Property and the Fund's ability to lease or sell such Property which could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Environmental regulatory framework*

The business of the Fund is also exposed to risks associated with non-compliance with building codes or environmental regulations. These regulations can affect previously developed Properties, and therefore require the Fund to modernise existing buildings so that they comply with these stricter standards. Even though the Fund conducts thorough inspections during the acquisition of individual Properties, there is a risk that building codes or environmental regulations were not complied with. It is also possible that environmental regulations may change, which might lead to increased cost that cannot be transferred to tenants. This could negatively affect net rental income of the Fund, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### E. FINANCIAL RISKS

#### *Financial markets / Refinancing Risk*

The Fund may refinance maturing debt with other debt instruments. The Fund's ability to repay existing financial obligations by taking on new debt or by extending existing debt could be limited, for example as a result of market conditions, its business condition or the level of debt of the Fund.

Given the Fund's dependence on its ability to access the financial markets for the refinancing of its debt liabilities, any worsening of the economic environment or the capital markets may reduce its ability to refinance its existing and future liabilities.

Due to lack of market or other circumstances refinancing of existing loans at competitive terms is more difficult, and therefore high interest rate charges may be incurred. Obtaining new financing may even prove to be impossible due to lack of market or other circumstances. This may cause inability to repay existing financing which may result in default situations.

This could have a material adverse effect on the Fund's business, net assets, financial condition, cash flow and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Interest rates*

The current economic environment is characterised by low interest rates. Any rise in interest rates could have material adverse effects on the Dutch real estate market and on the Fund. If the current low-interest rate environment is followed by one in which high rates prevail, the Fund's financing costs, including costs for hedging instruments, may increase.

Fluctuations in interest rates can create cash flow risks. This is the case when refinancing of the existing borrowings cannot be arranged at competitive terms due to lack of market or other circumstances or, when interest charges cannot be hedged at competitive terms. Fluctuations in interest rates affect the value of hedging instruments, which affect the Fund's equity, and, to a lesser extent, the Fund's results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Covenant Risk*

The Fund's lenders and Noteholders are entitled to terminate their financing agreements if the Fund companies breach provisions under their respective financing agreements and are not in a position to cure such breaches. The loan agreements and Notes require, in particular, that the Fund complies with certain financial covenants, such as a maximum LTV-Ratio and minimum debt-service or interest cover ratios. A failure to comply with such financial covenants or other provisions of the financing agreements and the terms and conditions of Notes could have severe consequences, including but not limited to termination of the applicable financing agreements or instruments and other financing agreements or instruments as a result of cross-default provisions. This could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Counterparty Risk*

The Fund's counterparties, including the banks where the Fund maintains accounts with credit amounts and in particular its hedging counterparties, may not be able to fulfil their obligations under the respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons.

#### *Credit Rating*

In 2014, the Fund changed its financing strategy to satisfy a significant portion of its future financing needs through the issuance of unsecured corporate bonds and by way of private placements. The Fund sought and obtained a corporate investment grade rating of "BBB" from Standard & Poor's Credit Market Services Europe Limited (**Standard & Poor's**). Standard & Poor's improved the rating with a stable outlook in April 2016 to "BBB+". Issuers with a "BBB+" rating are considered by Standard & Poor's to have adequate capacity to meet financial commitments, but to be more subject to adverse economic conditions. In May 2018, Standard & Poor's reconfirmed the rating as "BBB+" with a stable outlook.

If the Fund were to lose its investment grade rating, future issuances of Notes may become significantly more expensive or may not be possible in the targeted amounts. Standard & Poor's could downgrade the Fund if, for example, the Fund's debt-to-debt plus equity ratio increases to 40% or more – due to, for example, a large debt-financed acquisition, or much higher renovation capex than anticipated combined with a return to negative

revaluations in the Dutch residential market – or if the Fund were unable to render sufficient values of its assets unencumbered or if the residential real estate market in The Netherlands deteriorates.

If any of the risks described above were to materialise, it could have material adverse effects on the Fund's business, net assets, financial condition, cash flow and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

## F. PORTFOLIO AND VALUATION

### *Concentration of properties*

All of the Fund's Properties are located in The Netherlands. As a result, the whole property portfolio of the Fund may be impacted by economic and other factors specifically affecting the real estate markets in The Netherlands. These factors may differ from those affecting the real estate markets in other European countries. Due to the relatively concentrated nature of the Fund's Properties, a number of them could experience any of the same conditions at the same time. If real estate conditions in The Netherlands decline relative to real estate conditions in other regions, the Fund's cash flows, operating results and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties, and this could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### *Risks related to Portfolio Strategy*

There is a risk that increases in market rents are capped as a result of governmental decision making. Recently, a number of city councils, such as Amsterdam and Utrecht, have announced proposals, plans and/or concrete measures to regulate the rental of residential properties, restricting rights of landlords to lease rental properties in the mid-rental or other segments by (among other things) capping the rents of new build residential properties, capping rent increases and prescribing a minimum amount of square metres for new build residential properties. Such increased regulation may have a negative impact on the realisation of Vesteda's portfolio strategy and could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

In order to mitigate this risk Vesteda aims to participate actively in negotiations with city councils and various representational bodies, such as Platform Amsterdam Middenhuur (PAM) and IVBN, to explain Vesteda's view that maintaining a balanced residential supply, also in core urban regions, is to the advantage of all stakeholders. However, such mitigating measure may not be effective or prevent any policy change that may be detrimental to the business of Vesteda.

### *Age of Portfolio*

The Properties owned by the Fund have an average age of approximately 27 years (age of the buildings as of 31 December 2017 weighted by market value) which may lead to additional need for expensive maintenance and modernisation measures. The projected cost of such measures is based on the assumption that the required permits are issued promptly and in accordance with the Fund's plans. It is possible, however, that the required permits for such measures will not always be issued promptly. If such permits are not issued promptly, or are issued only subject to conditions, substantial delays in addressing the concerns can occur and can result in costs exceeding those projected and reduce rental income for the relevant Properties. This could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually

impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Portfolio liquidity*

Deterioration of market circumstances may have a negative impact on the volume of sales transactions and therefore adversely impact revenue from sales from disposals and the result on disposals. In addition to this, price erosion of prices for residential properties could adversely impact revenue from sales from disposals and the result on disposals. Such a negative change in market conditions may be related to a shift in general economic circumstances. Also, a change in the regulatory framework or fiscal law may cause such negative impact.

The Fund is continuously seeking to optimise its portfolio. If there is a deterioration of market circumstances, this may have an effect on the Fund's ability to enter into transactions that could help to enhance the portfolio. This could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

The real estate market, in which the Fund invests and operates, is characterised by limited liquidity. The Fund's general ability to sell parts of its real estate portfolio depends on the state of investment markets and on market liquidity. If the Fund were required to sell parts of its real estate portfolio, including for the purpose of raising cash to support its operations, there is no guarantee that the Fund would be able to sell such parts of its portfolio on favourable terms or at all. This could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Property Sales*

In connection with Property sales, the Fund usually makes representations, warranties and negative declarations of knowledge to the purchasers with respect to certain characteristics of the relevant Properties. The resulting obligations usually continue to exist after the sale, for a period of several years. In particular, the Fund could be subject to claims for damages from purchasers, who could assert that the Fund failed to meet its obligations, or that its representations were untrue. The Fund could be required to make payments to the purchasers following legal disputes or litigation. If the Fund has provided warranties to third parties in connection with maintenance and modernisation measures and claims are asserted against the Fund because of defects, it is not always certain that the Fund will have recourse against the companies that performed the work or that the Fund will have recourse for the full amount. This could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Unit Sales*

As part of its business strategy, the Fund selectively sells individual residential units to owner occupants or small capital investors in single unit sales. In general, individual residential units can be sold at a premium compared to bulk sales of residential properties and at prices exceeding their fair value (the **Fair Value**). In executing these sales, the Fund sells individual units but not necessarily all units within a building.

Management of partially sold Properties may require greater administrative resources than the management of units in Properties that are entirely owned by the Fund. For example, owners of units in a residential property

may decide on measures which concern the Property as a whole by majority vote at the unit owner's assembly convened by the facility manager. If the Fund sells only individual units in a Property it currently owns, it may lose its ability to control decision making and could be forced to comply with decisions passed by a majority of the owners of other units in the relevant Property with respect to property management, such as the performance of maintenance and modernisation, which could be economically impractical and might result in the incurrence of additional costs. Since the Fund would have to bear a proportionate share of these costs, this could adversely affect the Fund's profitability, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Valuations*

A change of interest rates, market deterioration or unfavourable development of the Fund's rent levels or vacancy rates, may lead the Fund to adjust the current Fair Values of its investment Properties and/or pipeline developments and recognise significant losses.

In general, erosion of prices for residential properties will adversely impact the valuation of the residential property portfolio. In particular a change to the fiscal regulatory framework may adversely affect housing prices. In addition to this, a yield shift due a changed market perception of the risk profile of the asset class real estate may also have a negative impact on the valuation of Properties.

Realisation of the projected returns from pipeline developments once they are ready for the letting process may prove to be impossible due to an unforeseen change in market conditions. This could negatively impact valuation of such Properties.

Any significant fair value adjustments of its Portfolio that the Fund is required to recognise would have significant negative effects on its net asset value and loan to value-ratio and could have a material adverse effect on the Fund's assets, financial condition and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

The valuations of the Properties express the professional opinion of the relevant appraisers on the relevant Property and are not guarantees of present or future value in respect of such Property. One appraiser may, in respect of any Property, reach a different conclusion than the conclusion in relation to a particular Property that would be reached if a different appraiser were appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing Property owner. To the extent that the Properties included in the valuation reports have been overvalued, the Fund may be required to write down the value of such real estate as recorded in the Fund's balance sheet. Such write-down could have a material adverse effect of the Fund's financial condition and profitability, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Acquisitions*

As part of its strategy, the Fund evaluates turnkey projects and, on occasion, property portfolios in order to identify those that might fit within its existing Property portfolio and its current management platform, and which the Fund believes might improve the quality of its Property portfolio.

However, the supply of real estate projects might be limited, for example due to fewer sales of real estate properties by housing corporations and developers. As a result, the restricted supply could increase competition for acquisitions that would be suitable for the Fund and result in the prices of residential properties on the Dutch

market to increase. As a consequence of these factors, the Fund could be forced to pay higher prices or could only be able to acquire fewer (if any) properties.

Further, the direct and indirect investments in property involve considerable risk. Apart from the risks associated with the acquired Properties or companies themselves, acquisitions occupy management resources that then cannot be deployed elsewhere within the Fund organisation.

The Fund's acquisition of additional property projects can be financed by taking on additional debt or by issuing and offering new participations in the Fund in accordance with the Fund Term and Conditions, or by a combination thereof. If the Fund is unable to obtain the necessary capital on reasonable terms, it may be unable to make further acquisitions, or may be able to do so only to a limited extent.

The Fund may, in accordance with the Fund Terms and Conditions, from time to time enter into turnkey purchase agreements combined with multi-party agreements and turnkey development and building agreements with third parties, possibly combined with a forward funding mechanism. No assurance can be given that the services under such agreements will be rendered in a timely manner or that their quality will comply with the Fund's requirements. Moreover, certain contractors may experience operational or solvency issues and certain services may become unavailable to the Fund as a result. The risk of such insolvency similarly increases the risk of the Fund being unable to recover costs in relation to any future latent defects subject to repair covenants given by the Fund to tenants, to the extent that such costs are not otherwise covered by latent defect insurance. The Fund may also be required to provide forward funding to its contractual counterparties, giving rise to the risk associated with amounts being paid by the Fund before performance by the Fund's counterparties is complete. The Fund seeks to mitigate the aforementioned risks by, amongst others, screening third parties in order to enter into such agreements only with reputable, solvent and well-managed third parties, requiring such third parties to provide security rights (including guarantees and warranties) in respect of their performance under the agreements for the benefit of the Fund and requiring completion and repair guarantees (*afbouw- en herstelgarantie*) from reputable third-party insurance providers (such as Woningborg N.V.), or having the land component on which property will be developed transferred to the Fund upon the provision of forward funding by the Fund. The Fund has also entered into a framework agreement with Vesteda Project Development B.V. to cover the Fund's outstanding exposure in certain circumstances.

Nevertheless, and despite these mitigation strategies, any failures by such third parties may result in delays and additional expenses for the Fund which could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations, and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders. Furthermore, the Fund may not at all times be able to conduct a full due diligence on the properties, entities or companies in question. Accordingly, the Fund may not be in a position to examine whether the original owners of the properties, and/or the properties themselves, have obtained all required permits for new buildings, satisfied all permit conditions, received all necessary licenses and fire, health and safety certificates, or satisfied all comparable requirements. In addition, the properties may suffer from hidden defects, such as contamination, and may thus require significant modernisation investments. Accordingly, in the course of the acquisition of companies or residential and other property portfolios, specific risks may not be, or might not have been, recognised or evaluated correctly. Thus, legal and/or economic liabilities may be, or might have been, overlooked or misjudged. Although sellers typically make various warranties in purchase agreements that the Fund enters into in connection with such property acquisitions, it is possible that these warranties do not cover all risks or that they fail to cover such risks sufficiently. Additionally, a warranty made by a seller may be unenforceable and warranty claims may be unrecoverable due to the seller's insolvency or for other reasons.

Moreover, properties that may be acquired in the future may not develop as favourably as expected. For example, targeted rent increases may not be implemented as planned due to a lack of tenants who are willing or

able to pay increased rents, or vacancy rates may increase, for example due to unfavourable demographic or economic developments.

The occurrence of any of these risks could have material adverse effects on the Fund's business, net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Acquisition of large residential real estate portfolio*

Since December 2017 the Fund is in exclusive negotiations with NN Group to acquire a significant Dutch residential real estate portfolio. This portfolio consists of around 6,800 units, of which around 6,000 are standing units and around 800 are in pipeline. The total consideration of this transaction, if completed, is expected to be approximately €1.4 billion. The acquisition of this property portfolio would involve the risks set out above under "Acquisitions", including the risks associated with the acquired properties themselves, the dedication of management resources to the project, risks related to the financing of the acquisition and the risks that properties acquired may not develop as favourably as expected. For example, targeted rent increases may not be implemented as planned due to a lack of tenants who are willing or able to pay increased rents, or vacancy rates may increase, for example due to unfavourable demographic or economic developments. The integration of the acquired real estate portfolio may involve higher costs than expected or require more resources.

The occurrence of any of these risks could have material adverse effects on the Fund's business, net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

## G. STRUCTURAL RISKS

### *Distributions*

The Fund may apply rental proceeds from the Properties and sale proceeds from disposals of Properties for the payment of distributions of any kind in certain circumstances, which shall include the payment of distributions of any kind envisaged by the Fund Terms and Conditions.

Such distributions shall be made to each of the participants in the Fund *pro rata parte* to their participations in the Fund in accordance with the Fund Terms and Conditions. There can be no assurance that the making of such payments will not adversely affect the ability of the Issuer and Guarantors to meet all their respective obligations under the Notes.

In order to mitigate this risk only net income shall be distributed to the participants, which means that the Noteholders have a preferential position in comparison to participants.

## H. TAX RISKS

*The following summary of the Dutch tax risk factors is based on Dutch laws, policy and case law as in force on the date of the issuance of this Prospectus. Future changes in law, whether retroactive or not, and the interpretation and application thereof may have adverse effect on the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.*

## ***Tax Status of the Fund***

### *Introduction*

The Fund is a fund for joint account (*fonds voor gemene rekening*) under Dutch law. The Fund consists of the assets and liabilities of the Fund held and managed in accordance with the Fund Terms and Conditions. The Fund Terms and Conditions govern the rights and obligations between the Fund Manager, the custodian and a participant.

### *Taxation of the Fund*

The Fund qualifies as a tax transparent fund for joint account for Dutch corporate income tax (*vennootschapsbelasting*) and Dutch dividend withholding tax (*dividendbelasting*) purposes, provided all relevant parties act in accordance with the Fund Terms and Conditions. The Fund Terms and Conditions specify (amongst others) that the participation rights of participants in the Fund (the **Participation Rights**) – including the beneficial ownership thereof – cannot be transferred or assigned by the participants, except by way of redemption. Only the Fund Manager issues and redeems Participation Rights.

The consequences of the tax transparency of the Fund are as follows. For Dutch corporate income tax purposes, the Fund itself is not a taxable person. All assets and liabilities of the Fund as well as all income and (capital) gains derived by the Fund are directly attributed to the participants in proportion to the number of Participation Rights held by the participants. Consequently, the participants are subject to Dutch corporate income tax for their pro rata share in income derived by, and capital gains realised on the Fund's assets and liabilities.

For Dutch dividend withholding tax purposes, no Dutch dividend withholding tax is due on distributions made by the Fund to the participants.

Since the Fund is not a legal person (*rechtspersoon*), the Fund itself cannot be the legal and/or beneficial owner of a Property for Dutch real estate transfer tax (*overdrachtsbelasting*) purposes. As a result, the Fund itself is considered transparent for Dutch real estate transfer tax purposes and in that capacity not liable for Dutch real estate transfer tax. The legal ownership of the Properties of the Fund is held by separate legal persons, including but not limited to the Guarantors, in their capacity of custodians for the Fund.

The tax transparency of the Fund for Dutch corporate income tax, Dutch real estate transfer tax and Dutch dividend withholding tax purposes has been confirmed by the Dutch tax authorities in private letter rulings.

If the Fund should lose its tax transparency, this would make the Fund an entity liable to Dutch corporate income tax. The Dutch corporate income tax rate for 2018 is 20% for the first €200,000 of taxable income and 25% for taxable income exceeding €200,000. In addition, loss of tax transparency would make the Fund in principle liable to Dutch dividend withholding tax on distributions. The statutory Dutch dividend withholding tax rate in 2018 is 15%.

The Fund would, for example, lose its tax transparency if certain amendments were made to the Fund Terms and Conditions in relation to the alienation of Participation Rights or if the participants in the Fund would not act in line with the Fund Terms and Conditions in relation to the alienation of Participation Rights. This may result in an extra risk for the Guarantors which may affect their ability to repay certain intercompany loans granted by the Issuer to each of the Guarantors and hence the Issuer's ability to repay the Notes.

### *Taxation of the Issuer*

The Issuer, acting as the financing company for the Fund, is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands. As such, the

Issuer is deemed to carry out a business undertaking by law and is subject to Dutch corporate income tax on its worldwide income.

Dutch corporate income tax is levied on the taxable amount. This is the taxable profits made in a year less deductible expenses, i.e. the net taxable income of the Issuer, and carry forward tax losses. It is agreed in an advance pricing agreement concluded with the Dutch tax authorities that the net taxable income of the Issuer will consist of the (handling) fee earned by the Issuer for its intercompany financing activities minus deductible expenses allocable to the intercompany financing activities. In principle, the (handling) fee is calculated as a fixed percentage rate that is added to the interest rate on the outstanding loan amounts of the Issuer.

The Dutch corporate income tax rate for 2018 is levied from the Issuer at the ordinary Dutch corporate income tax rates. The Issuer is not included in a fiscal unity for corporate income tax purposes and is therefore individually taxed.

Dividends distributed by the Issuer are in principle subject to 15% (in 2018) Dutch dividend withholding tax.

In principle the advance pricing agreement will remain in force until the end of December 2018. After this date, the (handling) fee for the services provided by the Issuer to the Fund should be renegotiated with the Dutch tax authorities and may increase. This may result in an additional risk for the Guarantors which may affect their ability to repay certain intercompany loans granted by the Issuer to each of the Guarantors and hence the Issuer's ability to repay the Notes.

#### *Taxation of the Guarantors*

The Guarantors, acting as custodians for the Fund, are private limited liability companies (*besloten vennootschappen met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands. As such, the Guarantors are deemed to carry out a business undertaking by law and are subject to Dutch corporate income tax on their worldwide income.

Dutch corporate income tax is levied on the taxable amount. This is the taxable profits made in a year less deductible expenses, i.e. the net taxable income of the Guarantors, and carry forward tax losses. The net taxable income of each Guarantor will consist of the (custodian) fee earned by the Guarantor for its activities in its capacity of custodian for the Fund decreased with some corporate expenses.

The Dutch corporate income tax is levied from the Guarantors at the ordinary Dutch corporate income tax rates. The Guarantors are not included in a fiscal unity for corporate income tax purposes and are therefore individually taxed.

Dividends distributed by the Guarantors are in principle subject to 15% (in 2018) Dutch dividend withholding tax.

#### *Fund Manager / Vesteda Project Development B.V. / Stichting Administratiekantoor Vesteda*

Both the Fund Manager and Vesteda Project Development B.V. are private limited liability companies (*besloten vennootschappen met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands. As such, both entities are deemed to carry out a business undertaking by law and are subject to Dutch corporate income tax on their worldwide income.

Dutch corporate income tax is levied on the taxable amount. This is the taxable profits made in a year less deductible expenses i.e. the net taxable income, and carry forward tax losses.

The Dutch corporate income tax is levied from the Fund Manager and Vesteda Project Development B.V. at the ordinary Dutch corporate income tax rate.. The Fund Manager and Vesteda Project Development B.V. are not included in a fiscal unity for corporate income tax and are therefore individually taxed.

Dividends distributed by the Fund Manager and/or Vesteda Project Development B.V. are in principle subject to 15% (in 2018) Dutch dividend withholding tax.

Stichting Administratiekantoor Vesteda is not considered a taxpayer for Dutch corporate income tax purposes as it is not carrying out a business undertaking. This has been confirmed by the Dutch tax authorities in a private letter ruling.

#### *VAT aspects of the Fund*

The Fund together with Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V., Custodian Vesteda Fund IV B.V., Custodian Vesteda Fund V B.V., the Fund Manager and Vesteda Project Development B.V. are considered as one VAT entrepreneur (VAT fiscal unity, the **VAT Fiscal Unity**). The Dutch tax authorities confirmed the existence of the VAT Fiscal Unity in a formal decision. To form a VAT fiscal unity, the entities must be sufficiently connected in an economic, financial and organisational manner. If this is not (or no longer) the case, the services provided by the Fund Manager to the Fund may become subject to Dutch value added tax as provided for in the Dutch Value Added Tax Act 1968 (*Wet op de omzetbelasting 1968*) and any other tax of a similar nature (**VAT**), unless exemptions are applicable. This may result in an additional risk for the Guarantors which may affect their ability to repay certain intercompany loans granted by the Issuer to each of the Guarantors and hence the Issuer's ability to repay the Notes.

All members of a VAT fiscal unity are jointly and severally liable for Dutch VAT due by any member of the fiscal unity. In their capacity of custodians for the Fund, the Guarantors are accountable for VAT liabilities of the VAT Fiscal Unity for which each of them can be held jointly and severally liable.

See the section *Vesteda Group and the Fund – Corporate Profile and Business* for a description of the group structure of the Fund.

#### *Real estate transfer tax aspects of the Fund*

The acquisition of legal and/or beneficial ownership of a Dutch real property or rights in rem relating to such property is in principle subject to Dutch real estate transfer tax. Since the Fund is no legal person, the Fund itself cannot be the legal and/or beneficial owner of a Property. Instead, the legal ownership of the Properties of the Fund is held by separate legal persons, including but not limited to the Guarantors, in their capacity of custodians for the Fund, whereas the beneficial ownership of the Properties of the Fund is held by the participants in the Fund. As a result, the Fund itself is transparent for Dutch real estate transfer tax purposes and in that capacity not liable to Dutch real estate transfer tax.

Furthermore, in principle, the acquisition or expansion of an interest in the Fund by a participant is considered as the acquisition of the beneficial ownership of the underlying Dutch properties by that participant. Such acquisition is subject to Dutch real estate transfer tax up to (a reduced rate for residential properties of) 2% of the fair market value of the Dutch Properties, represented by the Participation Rights, at the time the Participation Rights are acquired. A 6% rate applies to non-residential property.

The acquisition or expansion of an interest in a real estate entity, not being a legal person, is not subject to Dutch real estate transfer tax, provided that an interest of less than one third is acquired and/or expanded by a participant in such entity (together with interests held or acquired by related parties of that participant), whereby

the Fund qualifies as an investment fund as defined in the Wft. The latter has been confirmed by the Dutch tax authorities in a private letter ruling.

#### *Local real estate taxes*

The Fund is subject to municipal property tax (*onroerende-zaakbelasting*). The municipal property tax is in fact charged to the legal owners of the Properties which are separate legal persons, including but not limited to the Guarantors, in their capacity of custodians for the Fund. This annual property tax (hereinafter referred to as **Ozb**) includes an owner tax and, only in case of non-residential property, a user tax. The tax, set by the municipal tax authorities, is calculated as a percentage of the value of the property, which value is determined in accordance with the Valuation of Immovable Property Act (*Wet waardering onroerende zaken*) (hereinafter referred to as **WOZ-value**).

The WOZ-value is determined by the municipal tax authorities annually, based on the assumption that the respective property is freehold and free of lease. The decision concerned is open to appeal.

#### *Landlord taxation*

The Fund is subject to a so-called ‘Landlord Levy’ (*verhuurderheffing*), which levy applies since 1 January 2013. The Landlord Levy only regards the ownership of residential properties in the regulated sector (this means a monthly rent below EUR 710.68 (2018)). The levy amounts to 0.591% for 2018 of the WOZ-value of each property in the regulated sector. This percentage shall be increased annually in 2020 and 2021 with 0.001% up to 0.593% in 2022. As from 2023 the levy will be 0.567%.

As of 1 January 2018, the Land Levy is calculated based on the WOZ-value of each property with a maximum of EUR 250,000 per property. After 2018 this amount is indexed annually.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### *Notes may not be a suitable investment for all investors*

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement or Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### ***Risks related to the structure of a particular issue of Notes***

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

##### *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

##### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

##### *Notes issued at a substantial discount or premium*

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing Notes. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to more conventional interest-bearing Notes with comparable maturities.

##### *Regulation and reform of benchmarks, including LIBOR, EURIBOR and other interest rates and other types of benchmarks*

Various benchmarks (including interest rate benchmarks such as the London Inter-Bank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Under the Benchmark Regulation, which applies from 1 January 2018 in general, new requirements will apply with respect to the provision of a wide range of benchmarks (including LIBOR and EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmark Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

The sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Additionally, in March 2017, the EMMI published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmark Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR.

These reforms and other pressures may cause one or more benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Investors should be aware that, if LIBOR, EURIBOR or any other benchmark were discontinued, the rate of interest on Notes which reference LIBOR, EURIBOR or any other benchmark will be determined for the relevant period by the fall back provisions set out in Condition 7(c) or Condition 7(d), depending on the manner in which the relevant benchmark rate is to be determined under the Conditions of the Notes as completed by the Final Terms.

Moreover, any significant change to the setting or existence of LIBOR, EURIBOR or any other relevant benchmark could affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and amounts payable under, the Notes.

#### *Notes in New Global Note form*

The New Global Note form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the **Eurosystem**) and intra-day credit operations by the Eurosystem either upon issue or at any or all items during their life. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

*Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### ***Risks related to Notes generally***

Set out below is a description of material risks relating to the Notes generally:

##### *Modification and waivers*

The Conditions contain provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of the Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantors (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

##### *Change of law*

The structure of the issue of the Notes and the ratings which may be assigned to them are based on Dutch and European law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice in The Netherlands after the date of this Prospectus.

*The Group could suffer adverse consequences related to the 2017 Netherlands government coalition agreement.*

On 10 October 2017, the new Dutch government released its coalition agreement (*Regeerakkoord*) 2017-2021, which includes, among others, certain policy intentions for tax reform. On 23 February 2018, the Dutch State Secretary for Finance published a letter with an annex containing further details on the government's policy intentions against tax avoidance and tax evasion. Two policy intentions in particular may become relevant within the context of the Dutch tax treatment of the Issuer, the Guarantors, the Notes, and/or payments in respect of the Notes.

The first policy intention relates to the introduction of an "interest withholding tax" on interest paid to creditors in low tax jurisdictions or non-cooperative jurisdictions as of 2021. The coalition agreement and the annex to the letter suggest that this interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to a group entity in a low tax or non-cooperative jurisdiction. However, it cannot be ruled out that it will have a wider application and, as such, it could potentially be applicable to payments in respect of the Notes.

The second policy intention relates to the introduction of a "thin capitalisation rule" as of 2020 that would limit the deduction of interest on debt exceeding 92% of the commercial balance sheet total. The heading in the coalition agreement and the annex to the letter suggest that this thin capitalisation rule will apply solely to banks and insurers. However, it cannot be ruled out that it will have a generic application and, as such, it could potentially be applicable to other taxpayers (including the Issuer and/or Guarantors).

Many aspects of these policy intentions remain unclear. However, if the policy intentions are implemented they may have an adverse effect on the Issuer, and/or Guarantors, and its or their financial position, in which case the Issuer may redeem the Notes pursuant to its option under Condition 9(b) (Redemption for tax reasons).

#### *Common reporting standard*

On 1 January 2016, EU Council Directive 2014/107/EU entered into force which imposes a new automatic exchange of information regime in accordance with the global standard for automatic exchange of information published by the Organisation for Economic Cooperation and Development.

The exchange of information is expected to be governed by the broader Common Reporting Standard (**CRS**). Currently, around 100 jurisdictions, including The Netherlands, have signed or committed themselves to sign the multilateral competent authority agreement under CRS, which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. More than 50 jurisdictions, including The Netherlands, have committed to a timetable leading to the first automatic exchanges in September 2017 (early adopters). Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with tax residency in another CRS country. The standards include a requirement to look through passive entities to report on the relevant controlling persons. The first CRS reporting by financial institutions in early adopter jurisdictions has taken place in March 2017.

As of 1 January 2016, CRS and EU Council Directive 2014/107/EU have been implemented in Netherlands law. As a result, the Issuer is required to comply with identification obligations as of 2016 and with reporting

obligations as of 2017 on the records of 2016. Holders of Notes may be required to provide additional information to the Issuer to enable it to satisfy its identification obligations under the (Netherlands implementation of the) CRS.

Prospective holders of Notes are advised to seek their own professional advice in relation to the CRS and EU Council Directive 2014/107/EU.

#### *U.S. Foreign Account Tax Compliance Act Withholding*

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking S.A. (together the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs (see Taxation – Foreign Account Tax Compliance Act). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depository or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an IGA) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an **IGA**) from payments they make.

#### *No gross-up*

Under the Terms and Conditions of the Notes, all payments of principal and interest in respect of the Notes by the Issuer or any of the Guarantors will be made without withholding or deduction for, or on account of, any withholding taxes imposed by The Netherlands (or any political subdivision or any authority in The Netherlands having power to tax). In the event that any such withholding or deduction is required by law, the Issuer or (as the case may be) any of the Guarantors will pay additional amounts to cover the amounts so deducted, however, in certain circumstances set out in the Terms and Conditions of the Notes, the Issuer or (as the case may be) any of the Guarantors will not pay any additional amounts to the holders of the Notes.

#### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In

addition, where no key information document required by the PRIIPS Regulation for making the Notes available to retail investors in the EEA is prepared, the liquidity of the Notes may be limited. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in “*Terms and Conditions of the Notes*”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the **Investor’s Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency equivalent yield on the Notes, (2) the Investor’s Currency equivalent value of the principal payable on the Notes and (3) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in *Overview of the Programme* below.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any information incorporated by reference. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, including any information incorporated by reference. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Prospectus have the same meanings in this summary.*

**Issuer:** Vesteda Finance B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at De Boelelaan 759, 1082 RS Amsterdam, The Netherlands and registered with the Commercial Register (*Handelsregister*) of the Chamber of Commerce under number 55723322 (the **Issuer**).

**Issuer Legal Entity Identifier (LEI)** 72450072M9HBDGD2GH67

**Guarantors:** Custodian Vesteda Fund I B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at De Boelelaan 759, 1082 RS Amsterdam, The Netherlands and registered with the Commercial Register (*Handelsregister*) of the Chamber of Commerce under number 56605838;

Custodian Vesteda Fund III B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at De Boelelaan 759, 1082 RS Amsterdam, The Netherlands and registered with the Commercial Register (*Handelsregister*) of the Chamber of Commerce under number 56605927; and

Custodian Vesteda Fund IV B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at De Boelelaan 759, 1082 RS Amsterdam, The Netherlands and registered with the Commercial Register (*Handelsregister*) of the Chamber of Commerce under number 56606028 (each a **Guarantor** and together the **Guarantors**).

<b>Description:</b>	Guaranteed Euro Medium Term Note Programme.
<b>Risk Factors:</b>	There are certain factors that may affect the ability of the Issuer and the Guarantors to fulfil their respective obligations under Notes issued under the Programme. These include the fact that the Fund's results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity, legal risks and certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. See " <i>Risk Factors</i> ".
<b>Arranger:</b>	ABN AMRO Bank N.V.
<b>Dealers:</b>	ABN AMRO Bank N.V., BNP Paribas and Coöperatieve Rabobank U.A. (Rabobank)
	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme.
<b>Fiscal Agent:</b>	BNP Paribas Securities Services, Luxembourg branch.
<b>Paying Agent:</b>	BNP Paribas Securities Services, Luxembourg branch.
<b>Listing Agent:</b>	BNP Paribas Securities Services, Amsterdam branch.
<b>Listing and Trading:</b>	Applications have been made to Euronext Amsterdam N.V. for the Notes to be admitted during the period of twelve months after the date hereof to listing and trading on Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V. The Notes may also be listed on further stock exchange(s) and/or markets as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series. Notes issued under the Programme may also be unlisted.
	The applicable Final Terms will state whether the relevant Notes are to be listed, quoted and/or traded and, if so, on or by which competent listing authority(ies) or stock exchange(s) and/or quotation system(s).
<b>Clearing Systems:</b>	Euroclear and/or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms.
<b>Programme Size:</b>	Up to EUR 2,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a <b>Series</b> ) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a <b>Tranche</b> ) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where

necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the **Final Terms**).

**Issuance in Series:**

The Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

**Forms of Notes:**

Notes may only be issued in bearer form.

Each Tranche of bearer Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Note.

Each Temporary Global Note (i) which is intended to be issued in NGN form, as specified in the applicable Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg or (ii) which is not intended to be issued in NGN form may be deposited on or around the relevant Issue Date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or for any other agreed clearing system. A Temporary Global Note will be exchangeable as described therein for a Permanent Global Note or, if so specified in the applicable Final Terms, for Definitive Notes. A Permanent Global Note is exchangeable for Definitive Notes in accordance with its terms, all as described in "*Form of Notes*" below.

**Specified Currencies:**

Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

**Status of the Notes:**

The Notes will constitute unsecured and unsubordinated obligations of the Issuer, and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, save for any obligations preferred by a mandatory operation of applicable law.

**Status of the Guarantee:**

The Notes will be unconditionally and irrevocably guaranteed by the Guarantors, on an unsubordinated basis.

**Issue Price:**

Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Maturities:**

Any maturity as may be agreed between the Issuer and the relevant Dealer(s) of not less than one year, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or

regulations applicable to the Issuer or the relevant Specified Currency.

<b>Redemption:</b>	Notes may be redeemable at par or at such other Redemption Amount (as defined in “ <i>Terms and Conditions of the Notes</i> ”) (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.
<b>Optional Redemption:</b>	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
<b>Tax Redemption:</b>	Except as described in " <i>Optional Redemption</i> " above, early redemption will only be permitted for tax reasons as described in Condition 9 ( <i>Redemption and Purchase - Redemption for tax reasons</i> ).
<b>Interest:</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
<b>Denominations:</b>	Notes will be issued in such denominations as may be specified in the relevant Final Terms, save that Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive will be issued with a minimum denomination of €100,000 or its equivalent in another currency.
<b>Negative Pledge:</b>	The Notes will have the benefit of a negative pledge as described in Condition 5 ( <i>Covenants</i> ).
<b>Cross Default:</b>	The Notes will have the benefit of a cross default as described in Condition 12 ( <i>Events of Default</i> ).
<b>Taxation:</b>	All payments in respect of the Notes will be made without withholding or deduction of taxes imposed by The Netherlands or any political subdivision therein or any authority therein or thereof having power to, subject to certain exemptions. In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances (including but not limited to any FATCA withholding), be required to pay additional amounts to cover the amounts so deducted or, if the Issuer elects, it may redeem the Series affected.
<b>Governing Law:</b>	Dutch law.
<b>Ratings:</b>	Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or

which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

**Selling Restrictions:**

There are selling restrictions in relation to the United States, the EEA, the United Kingdom, France, Japan and The Netherlands and such other restrictions as may apply in connection with the offering and sale of a particular Tranche or Series. See "*Subscription and Sale*".

**Distribution:**

Notes may be distributed outside the United States to persons other than U.S. persons (as such terms are defined in Regulation S under the Securities Act) by way of private or public placement and in each case on a syndicated or non-syndicated basis.

## **SUPPLEMENTARY PROSPECTUS**

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to article 5:23 of the Wft, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further prospectus which, in respect of any subsequent issue of Notes to be listed on Euronext Amsterdam, shall constitute a supplementary prospectus as required by section 5:23 of the Wft.

The Issuer and the Guarantors have given an undertaking to the Dealers that if at any time during the duration of the Programme there arises or is noted a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and/or the Guarantors, and/or the rights attaching to the Notes and/or the Guarantees, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

If the terms of this Programme are modified or amended in a manner which would make this Prospectus inaccurate or misleading, a new prospectus will be prepared.

## DOCUMENTS INCORPORATED BY REFERENCE

The following parts of the documents listed below, which have previously been published and filed with the AFM, shall be incorporated in and form part of this Prospectus and are correct as of their date:

- (a) the articles of association (*statuten*) of the Issuer and the Guarantors, including the translations thereof;
- (b) the independent auditors' reports and audited non-consolidated annual financial statements for the financial year ended 2016 and 2017 of the Issuer;
- (c) the independent auditors' reports and audited non-consolidated annual financial statements for the financial year ended 2016 and 2017 of each of the Guarantors; and
- (d) the independent auditors' reports and audited consolidated annual financial statements for the financial year ended 2016 and 2017 of the Fund, set out at respectively pages 87 to and including 127 of the Fund's 2016 annual report and pages 85 to and including 123 of the Fund's 2017 annual report (the **2017 Fund Annual Accounts**).

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

The Issuer will provide, without charge, upon request of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents should be directed to the Issuer at its registered office set out at the end of this Prospectus. Copies of documents incorporated by reference in this Prospectus can also be obtained from <https://www.vesteda.com/en/about-vesteda/investor-relations/credit-investors.aspx>.

The Issuer will, in connection with the listing of the Notes on Euronext Amsterdam, so long as any Note remains outstanding and listed on such exchange, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes to be listed on Euronext Amsterdam.

This Prospectus and any supplement will only be valid for listing Notes on Euronext Amsterdam or any other exchange during the period of 12 months from the date of this Prospectus.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under Summary of Provisions Relating to the Notes while in Global Form below.

### 1. Introduction

- (a) *Programme*: Vesteda Finance B.V. (the **Issuer**) has established a Euro Medium Term Note Programme (the **Programme**) for the issuance of up to EUR 2,000,000,000 in aggregate principal amount of notes (the **Notes**) guaranteed by Custodian Vesteda Fund I B.V. (**CVF I**), Custodian Vesteda Fund III B.V. (**CVF III**) and Custodian Vesteda Fund IV B.V. (**CVF IV**) (together the **Guarantors** and each a **Guarantor** and the expression "Guarantors" shall include each additional person who becomes a Guarantor pursuant to the Deed of Guarantee (as defined below)).
- (b) *Final Terms*: Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes. Each Tranche is the subject of a final terms (the **Final Terms**) which supplements these terms and conditions (the **Conditions**). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement dated 20 June 2018 (the **Agency Agreement**) between the Issuer, the Guarantors, BNP Paribas Securities Services, Luxembourg branch, as fiscal agent (the **Fiscal Agent**), which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *Deed of Guarantee*: The Notes are the subject of an amended and restated deed of guarantee originally dated 3 July 2014 as most recently amended and restated on 20 June 2018 (the **Deed of Guarantee**) entered into or acceded to, as the case may be, by the Guarantors.
- (e) *The Notes*: All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the registered office of the Issuer at De Boelelaan 759, 1082 RS Amsterdam, The Netherlands and [www.vesteda.com](http://www.vesteda.com) and copies may be obtained from the registered office of the Issuer at De Boelelaan 759, 1082 RS Amsterdam, The Netherlands.
- (f) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and are subject to their detailed provisions. The holders of the Notes (the **Noteholders**) and the holders of the related interest coupons, if any, (the **Couponholders** and the **Coupons**, respectively) are bound by, and are entitled to the benefit of, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 2. Definitions and Interpretation

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:

**Accrual Yield** has the meaning given in the relevant Final Terms;

**Additional Business Centre(s)** means the city or cities specified as such in the relevant Final Terms;

**Additional Financial Centre(s)** means the city or cities specified as such in the relevant Final Terms;

**Business Day** means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in Amsterdam, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**Business Day Convention**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **Preceding Business Day Convention** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **FRN Convention, Floating Rate Convention** or **Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**Calculation Agent** means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

**Calculation Amount** has the meaning given in the relevant Final Terms;

**Coupon Sheet** means, in respect of a Note, a coupon sheet relating to the Note;

**Day Count Fraction** means, in respect of the calculation of an amount for any period of time (the **Calculation Period**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **Actual/Actual (ICMA)** is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
  - (iii) if **Actual/365** or **Actual/Actual (ISDA)** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
  - (iv) if **Actual/365 (Fixed)** is so specified, means the actual number of days in the Calculation Period divided by 365;
  - (v) if **Actual/360** is so specified, means the actual number of days in the Calculation Period divided by 360;
  - (vi) if **30/360** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (vii) if **30E/360** or **Eurobond Basis** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30; and

- (viii) if **30E/360 (ISDA)** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

**Dutch Civil Code** means the Dutch Civil Code (*Burgerlijk Wetboek*);

**Early Redemption Amount (Tax)** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Early Termination Amount** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

**EURIBOR** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

**Extraordinary Resolution** has the meaning given in the Agency Agreement;

**Final Redemption Amount** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**First Interest Payment Date** means the date specified in the relevant Final Terms;

**Fixed Coupon Amount** has the meaning given in the relevant Final Terms;

**Fund Entity** means the manager of the Fund, any Custodian and any other person holding (directly or indirectly) assets and/or liabilities on behalf of the Fund;

**Group** means the Fund, Stichting DRF I, any Fund Entity, Stichting Administratiekantoor Vesteda, the Issuer, Vesteda Investment Management B.V. and Vesteda Project Development B.V. and their Subsidiaries for the time being;

**Guarantee** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

**Guarantee of the Notes** means the guarantee of the Notes given by the Guarantors in the Deed of Guarantee;

**Indebtedness** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;

- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases; and
- (d) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**Interest Amount** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**Interest Commencement Date** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**Interest Determination Date** has the meaning given in the relevant Final Terms;

**Interest Payment Date** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**Interest Period** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**ISDA Definitions** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**Issue Date** has the meaning given in the relevant Final Terms;

**LIBOR** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

**Margin** has the meaning given in the relevant Final Terms;

**Maturity Date** has the meaning given in the relevant Final Terms;

**Maximum Redemption Amount** has the meaning given in the relevant Final Terms;

**Minimum Redemption Amount** has the meaning given in the relevant Final Terms;

**Optional Redemption Amount (Call)** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Optional Redemption Amount (Put)** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**Optional Redemption Date (Call)** has the meaning given in the relevant Final Terms;

**Optional Redemption Date (Put)** has the meaning given in the relevant Final Terms;

**Participating Member State** means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

**Payment Business Day** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**Principal Financial Centre** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**Put Option Notice** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**Put Option Receipt** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**Rate of Interest** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**Redemption Amount** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**Reference Banks** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**Reference Price** has the meaning given in the relevant Final Terms;

**Reference Rate** means EURIBOR or LIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms or another rate as specified in the Final Terms;

**Regular Period** means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**Relevant Date** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**Relevant Financial Centre** has the meaning given in the relevant Final Terms;

**Relevant Financial Covenant Test Date** means each day which is (i) the last day of each financial year of the Issuer and (ii) the last day of the first half of each financial year of the Issuer;

**Relevant Indebtedness** means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**Relevant Screen Page** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**Relevant Time** has the meaning given in the relevant Final Terms;

**Reserved Matter** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**Security** means any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

**Specified Currency** has the meaning given in the relevant Final Terms;

**Specified Denomination(s)** has the meaning given in the relevant Final Terms;

**Specified Office** has the meaning given in the Agency Agreement;

**Specified Period** has the meaning given in the relevant Final Terms;

**StAK** means Stichting Administratiekantoor Vesteda, a foundation established under the laws of The Netherlands;

**Subsidiary** means (i) in relation to any person incorporated in The Netherlands, a company which is a subsidiary of that person within the meaning of Article 2:24a Dutch Civil Code and (ii) in relation to any person incorporated outside The Netherlands, an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and **control** for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise:

**Talon** means a talon for further Coupons;

**TARGET2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**TARGET Settlement Day** means any day on which TARGET2 is open for the settlement of payments in euro;

**Treaty** means the Treaty establishing the European Communities, as amended; and

**Zero Coupon Note** means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder.

4. **Status and Guarantee**

- (a) *Status of the Notes:* The Notes constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes:* Each Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. The rights under the Deed of Guarantee (i) form an integral part of the Notes, (ii) are of interest to a Noteholder only if, to the extent that, and for as long as, it holds a Note and (iii) can only be transferred together with all other rights under the relevant Note.
- (c) *Status of the Guarantees:* This Guarantee of the Notes constitutes direct, general, unsubordinated and unconditional obligations of each of the Guarantors which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the relevant Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Covenants**

- (a) *Negative Pledge:* So long as any Note remains outstanding, neither the Issuer nor any of the Guarantors shall, and the Issuer and the Guarantors shall procure that none of their respective Subsidiaries will, create or permit to subsist any Security upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.
- (b) *Financial Covenants:* So long as any Note remains outstanding, the Issuer shall ensure that at any time:
  - (i) the ratio of the EBITDA to Total Interest shall not be less than 1.8:1; and
  - (ii) the Loan to Value Ratio shall not exceed 50 per cent..
- (c) *Encumbrance of Group Assets:* For so long as any Note remains outstanding, the Issuer shall ensure that the Encumbered Assets Ratio shall not exceed 30 per cent.
- (d) *Definitions*

In this Condition 5 (*Covenants*) the following expressions have the following meanings:

**Book Value** means the book value of the Properties determined in accordance with the Vesteda Accounting Principles;

**Custodian** means a custodian (*bewaarder*) of the Fund, as at the date hereof, including 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.;

**EBITDA** means, for any Relevant Period, the consolidated earnings of the Group before the deduction of Interest Charges and corporation tax on the overall income of the Group payable in respect of the financial period to which the relevant profit and loss accounts relate, after adding back any of those items listed at (a) to (c) (inclusive) below and after making the required adjustments to exclude items referred to at (d) to (f) (inclusive) below:

- (a) any amount attributable to amortisation of goodwill, or other intangible assets and any deduction for depreciation;
- (b) the amortisation or the writing off of costs associated with any Notes issued under this Programme (including costs written off as a result of the prepayment of existing indebtedness and the financing costs associated therewith);
- (c) fair value adjustments and other non-cash provisions;
- (d) any losses or gains arising from the sale of any Property;
- (e) items treated as extraordinary income/charges under the Vesteda Accounting Principles; and
- (f) any amount attributable to the writing up or writing down of any assets of the Group after 31 December 2016;

**Encumbered Assets** means the aggregate Book Value of the Total Assets of the Group that are subject to any security determined in accordance with the Vesteda Accounting Principles;

**Encumbered Assets Ratio** means the ratio of (i) the Encumbered Assets to (ii) the aggregate sum of the Total Assets of the Group;

**Fund** means Vesteda Residential Fund, a fund for the joint account of the participants (*fonds voor gemene rekening*);

**GAAP** means the generally accepted accounting principles in The Netherlands, including IFRS;

**Interest Charges** means any interest (including the interest element of any payment made under finance leases or hire purchase agreements), commission, fees, discounts and other finance charges payable, less any interest earned by the Group (excluding, for the avoidance of doubt, any interest earned but not received on loans made by a member of the Group to any entity which is not a member of the Group during such period);

**Loan to Value Ratio** means, in respect of any Relevant Period, the total amount of, without double counting, (i) any debt owed by the Group and (ii) any guarantees and indemnities granted or joint and several liabilities assumed by the Group, in each case, at the end of such Relevant Period (including any amounts, guarantees or indemnities outstanding under or in respect of any Notes issued by the Issuer) divided by the then current Book Value of the Properties;

**Properties** means all the land and buildings owned by any member of the Group from time to time;

**Relevant Period** means each period of twelve months ending on the last day of the Group's financial quarter;

**Total Assets** means the total assets of a certain person as defined and used in the financial statements of such person and, if such term is no longer used as a defined term in the financial statements, the term which succeeds the term total assets;

**Total Interest** means the Interest Charges in respect of any Relevant Period and in respect of the Group on a combined basis;

**Vesteda Accounting Principles** means the accounting principles, standards, conventions and practices, from time to time and at any time generally accepted in The Netherlands, and which implement the

requirements of Dutch Civil Code, GAAP and of any other legislation or regulation, compliance with which is required by law in connection with the preparation of accounts of the Fund, or compliance with which is generally adopted and practised by companies such as the Fund in The Netherlands in effect from time to time and consistently applied by the Fund.

Any reference in this Condition 5 to "earnings", "taxes", "asset", "cost", "provision", "loss", "gain", "interest", "commission", "fees", "discounts", "finance charges" and "debt" shall be deemed to include any "earnings", "taxes", "asset", "cost", "provision", "loss", "gain", "interest", "commission", "fees", "discounts", "finance charges" and "debt" for the account of the Fund to the extent relating to the assets from time to time held by any member of the Group.

## 6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## 7. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

**provided, however, that** if the Calculation Agent is unable to determine a rate in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate last determined in relation to the Notes in respect of a preceding Interest Period.

- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (h) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantors, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 8. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being not applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) any one of the Guarantors has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the relevant Guarantor taking reasonable measures available to it,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the relevant Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by one managing director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent tax/legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the relevant Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) *(A) Redemption at the option of the Issuer*: If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant

Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(B) *Issuer Refinancing Call*: If Issuer Refinancing Call is specified in the relevant Final Terms as being applicable, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms to the Noteholders in accordance with Condition 18 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent,

(both of which notices shall be irrevocable), at any time, or from time to time, on or after the date specified in the applicable Final Terms (being three months prior to the Maturity Date of the Notes) redeem all or some only of the Notes then outstanding on such redemption date (the **Refinancing Repurchase Date**) at their nominal amount together, if appropriate, with interest accrued to (but excluding) the Refinancing Repurchase Date.

- (d) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c)(A) (*Redemption at the option of the Issuer*), Condition 9(c)(B) (*Issuer Refinancing Call*) or Condition 9(f) (*Make-whole Redemption by the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c)(A) (*Redemption at the option of the Issuer*), Condition 9(c)(B) (*Issuer Refinancing Call*) or Condition 9(f) (*Make-whole Redemption by the Issuer*), shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders*: If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date.

In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

If the Put Option – Change of Control is specified in the applicable Final Terms, the following provisions will apply. If there occurs a Change of Control (as defined below) and within the Change of Control Period (as defined below) a Rating Downgrade (as defined below) in respect of that Change of Control occurs (together called a **Put Event**), the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes under Condition 9(b)

(*Redemption for Tax Reasons*) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (Change of Control) (as defined below) at its nominal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (Change of Control).

**Rating Agency** means any of Standard & Poor's Credit market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited and their respective successors or affiliates or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control (i) if within the Change of Control Period any rating previously assigned to the Issuer by any two Rating Agencies (if three Rating Agencies have assigned a rating to the Issuer) or by any Rating Agency (if only one or two Rating Agencies have assigned a rating to the Issuer) is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a noninvestment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) (if the rating assigned to the Issuer by any two Rating Agencies shall be below an investment grade rating (as described above)) lowered one full rating category (from BB+/Ba1 to BB/Ba2 or such similar lower or equivalent rating), or (ii) if at the time of the Change of Control there is no rating assigned to the Issuer and no Rating Agency assigns during the Change of Control Period an investment grade credit rating (as described above) to the Issuer (unless the Issuer is unable to obtain such a rating within such period having used all reasonable endeavours to do so and such failure is unconnected with the occurrence of the Change of Control) provided, in each case, that a Rating Downgrade otherwise arising by virtue of a particular change in rating, or failure to obtain an investment grade rating (as described above) shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in or withdrawing the rating, or failing to award an investment grade rating (as described above), to which this definition would otherwise apply does not announce publicly or confirm in writing to the Issuer that the withdrawal, reduction or such failure was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

A **Change of Control** shall be deemed to have occurred:

- (a) at each time any participant or participants in the Fund (**Relevant Participant(s)**) acting in concert or any person or persons acting on behalf of any such Relevant Participant(s), at any time acquire(s) or hold(s) more than 50 per cent. of the voting rights exercisable in the Fund; or
- (b) at each time (whether or not approved by the Management Board of the Issuer) that any person or persons (**Relevant Person(s)**) acting in concert or any person or persons acting on behalf of any such Relevant Person(s) (other than StAK), at any time directly or indirectly acquire(s) or come(s) to own (A) more than 50 per cent. of the issued ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of shareholders of the Issuer.

**Change of Control Period** means the period ending 90 days after the occurrence of the Change of Control.

The **Optional Redemption Date (Change of Control)** is the seventh day after the last day of the Put Period.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 9(e).

In order to exercise the option contained in this Condition 9(e) in relation to a Change of Control, the holder of a Note must deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent, on any Business Day falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance

with this Condition 9(e), may be withdrawn. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (f) *Make-whole Redemption by the Issuer:* If the Issuer Make-Whole Call is specified in the relevant Final Terms as being applicable, the Issuer may, having given:
- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 18 (*Notices*); and
  - (ii) not less than 15 days before the giving of notice referred to in (i) above, notice to the Fiscal Agent, the Quotation Agent and such other parties as may be specified in the Final Terms,

(which notices shall be irrevocable and shall specify the date fixed for redemption (each such date, a **Make-whole Redemption Date**)) redeem, in whole or in part, the Notes then outstanding at any time prior to their Maturity Date at their relevant Make-whole Redemption Amount.

**Calculation Date** means the third Business Day prior to the Make-whole Redemption Date.

**Make-whole Redemption Amount** means the sum of:

- (i) the greater of (x) the Final Redemption Amount of the Notes so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (excluding any interest accruing on the Notes to, but excluding, the relevant Make-whole Redemption Date) whereby such remaining scheduled payments of principal and interest shall be discounted to the relevant Make-whole Redemption Date on either an annual, a semi-annual or quarterly basis (as specified in the relevant Final Terms) at the Make-whole Redemption Rate plus a Make-whole Redemption Margin; and
- (ii) any interest accrued but not paid on the Notes to, but excluding, the Make-whole Redemption Date, as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer, the Fiscal Agent and such other parties as may be specified in the Final Terms.

**Make-whole Redemption Margin** means the margin specified as such in the relevant Final Terms.

**Make-whole Redemption Rate** means the average of the four quotations, or such other number of quotations specified in the Final Terms, given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third Business Day preceding the Make-whole Redemption Date at 11:00 a.m. (Central European Time (CET)) (**Reference Dealer Quotation**).

**Quotation Agent** means any Dealer or any other international credit institution or financial services institution appointed by the Issuer for the purpose of determining the Make-whole Redemption Amount, in each case as such Quotation Agent is identified in the relevant Final Terms.

**Reference Dealers** means each of the four banks, or such other number of banks, as specified in the relevant Final Terms, selected by the Quotation Agent, which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

**Reference Screen Rate** means the screen rate specified as such in the relevant Final Terms.

**Reference Security** means the security specified as such in the relevant Final Terms. If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the third Business Day preceding the Make-whole Redemption Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with Condition 18 (*Notices*).

**Similar Security** means a reference bond or reference bonds issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the Notes that would

be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Quotation Agent shall (in the absence of manifest error) be final and binding upon all parties.

In the case of a partial redemption of Notes, the relevant provisions of Condition 9(d) shall apply *mutatis mutandis* to this Condition 9(f).

- (g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.
- (h) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) *Purchase:* The Issuer, any Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (j) *Cancellation:* All Notes so redeemed or purchased by the Issuer, any Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 10. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to laws:* All payments in respect of the Notes are subject in all cases to any applicable tax or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition

11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to

Condition 13 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. **Taxation**

- (a) *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or any of the Guarantors shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) any of the Guarantors shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (iii) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

The Issuer or any of the Guarantors shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (**FATCA withholding**) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer or any of the Guarantors not being entitled to receive payments free of FATCA withholding. Neither the Issuer, nor any of the Guarantors, the Paying Agent nor any other person will be required to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party.

- (b) *Taxing jurisdiction*: If the Issuer or any of the Guarantors becomes subject at any time to any taxing jurisdiction other than The Netherlands, references in these Conditions to The Netherlands shall be construed as references to The Netherlands and/or such other jurisdiction.

12. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment of principal*: the Issuer fails to pay any amount of principal in respect of the Notes within 7 days of the due date for payment thereof; or
- (b) *Non-payment of interest*: the Issuer fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or
- (c) *Breach of Covenants*: any of the ratio of the EBITDA to Total Interest or the Loan to Value Ratio or the Encumbered Assets Ratio (each as specified in Condition 5(b) (*Financial Covenants*)) is not met for a period of 45 days following the Relevant Financial Covenant Test Date; or
- (d) *Breach of other obligations*: the Issuer or any of the Guarantors defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guarantee of the Notes and such default

remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantors by any Noteholder, has been delivered to the Issuer and the Guarantors or to the Specified Office of the Fiscal Agent; or

(e) *Cross-default of Issuer, Guarantors or Subsidiary:*

- (i) any Indebtedness of any entity within the Group (excluding Vesteda Project Development B.V.) is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the relevant entity within the Group (excluding Vesteda Project Development B.V.) or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
- (iii) any entity within the Group (excluding Vesteda Project Development B.V.) fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

**provided that** the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds EUR 25,000,000 (or its equivalent in any other currency or currencies); or

- (f) *Unsatisfied judgment:* one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of any amount/an aggregate amount in excess of EUR 50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, any of the Guarantors or any of their respective Subsidiaries and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (g) *Insolvency etc:* (i) suspension of payments (*surseance van betaling*) or bankruptcy (*faillissement*) proceedings are initiated or applied for by the Issuer, any of the Guarantors, any of their respective Subsidiaries or a third party and, in the case of a third party application, not discharged within 45 days, (ii) the Issuer, any of the Guarantors or any of their respective Subsidiaries are declared bankrupt or a suspension of payments is declared, (iii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, any of the Guarantors or any of their respective Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, any of the Guarantors or any of their respective Subsidiaries, (iv) the Issuer, any of the Guarantors or any of their respective Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (v) the Issuer, any of the Guarantors or any of their respective Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of any of the Guarantors, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) *Winding up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, any of the Guarantors or any of their respective Subsidiaries (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of any of the Guarantors, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (i) *Analogous event:* any event occurs which under the laws of The Netherlands has an analogous effect to any of the events referred to in paragraphs (f) to (h) above; or
- (j) *Failure to take action etc:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and any of the Guarantors lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Deed of Guarantee admissible in evidence in the courts of The Netherlands is not taken, fulfilled or done; or

- (k) *Unlawfulness*: it is or will become unlawful for the Issuer or any of the Guarantors to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Guarantee; or
- (l) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by any of the Guarantors not to be) in full force and effect,

then any Note may, by written notice addressed by the holder thereof to the Issuer and the Guarantors and delivered to the Issuer and the Guarantors or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

### 13. **Prescription**

Claims for principal and interest shall become void unless the relevant Notes or relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

### 14. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

### 15. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantors and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and the Guarantors reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer and the Guarantors shall at all times maintain a Fiscal Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantors shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantors shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

### 16. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a

meeting may be convened by the Issuer and the Guarantors (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes, these Conditions and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantors shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

#### 17. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single Series with the Notes.

#### 18. **Notices**

Notices to the Noteholders shall be valid if published in a leading newspaper published in The Netherlands (which is expected to be *Het Financieele Dagblad*) and, for so long as any Tranche of Notes is admitted to listing, trading and/or quotation by any competent authority, stock exchange or quotation system, notices to Noteholders of that Tranche will be deemed to be validly given if published in such manner as may be required by applicable laws, rules and regulations from time to time. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### 19. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under these Conditions or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

20. **Rounding**

- (a) For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by the laws of The Netherlands.
- (b) *Submission to Jurisdiction:* In relation to any legal action or proceedings arising out of or in connection with the Notes and the Coupons, the Issuer irrevocably submits to the jurisdiction of the court of first instance (*Rechtbank*) in Amsterdam, The Netherlands. This submission is made for the exclusive benefit of the Noteholders and shall not affect their right to take such action or bring such proceeding in any other courts of competent jurisdiction.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **1 Initial Issue of Notes**

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the **Common Depository**), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **2 Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (**Alternative Clearing System**) as the holder of a Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note, and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

### **3 Exchange**

#### **3.1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

### 3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### 3.3 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

### 3.4 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, **Definitive Notes** means, in relation to any Global Note, the definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### 3.5 Exchange Date

**Exchange Date** means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the

specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

#### **4 Amendment to Conditions**

The temporary Global Notes and permanent Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

##### **4.1 Payments and Record Date**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 6(d)(v) and Condition 7(c) will apply to the Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 6(g) (*Non-Business Days*).

##### **4.2 Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of five years from the date the relevant payment first became due.

##### **4.3 Meetings**

The holder of a permanent Global Note shall (unless such permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

##### **4.4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

#### **4.5 Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantors or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

#### **4.6 Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

#### **4.7 Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### **4.8 NGN nominal amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **4.9 Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note may elect for direct enforcement rights against the Issuer and the Guarantors under the terms of direct rights set out in the Global Note to come into effect in relation to the whole or a part of such Global Note in favour of the persons entitled to such part of such Global Note as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note will become void as to the specified portion.

#### 4.10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

### 5 Electronic Consent and Written Resolution

While any Global Note is held on behalf of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes outstanding (an **Electronic Consent** as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes.

If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms if so required pursuant to applicable law.

In particular, if so specified in the applicable Final Terms, the Issuer will apply the net proceeds from an offer of Notes specifically for projects and activities that promote climate and other environmental purposes (**Green Projects**). Such Notes may also be referred to as "**Green Bonds**". If such Green Bonds will be issued, the applicable Final Terms will specify for which category of Green Projects the proceeds of the Green Bonds will be used.

## VESTEDA GROUP AND THE FUND – CORPORATE PROFILE AND BUSINESS

### Fund Profile

#### Introduction

Vesteda is an entrepreneurial and service-oriented institutional residential investor with a sizeable and varied portfolio of more than 22,500 residential units in The Netherlands. Vesteda is internally managed, cost-efficient and has in-house property management.

#### For institutional investors

Units in the Fund are not listed on any stock exchange. The Fund's participants principally comprise financial institutions, including pension funds, banks and insurance companies. At year-end 2017, a total of 19 different entities participated in the Fund. The Fund offers participants access to the Dutch housing market, in accordance with the three key principles: limited risk, stable distributions to participants and a sustainable investment.

#### Key characteristics:

##### *Vesteda*

- Established in 1998 as Vesteda Woningen (Vesteda Residential Fund) as a spin-off of the residential portfolio of Dutch pension fund ABP
- Open-end core residential real estate fund
- Broad institutional investor base with a long-term horizon
- Governance in accordance with best practice guidelines, including INREV, with the emphasis on transparency and alignment of interests
- Limited use of leverage (target < 30%)
- Active investor relations policy
- Internally managed: no management fee structures and carried interest arrangements
- In-house property management
- Transparent for tax purposes (fund for the joint account of participants; FGR fund structure)
- GRESB Green Star rating

##### *Assets*

- Vesteda offers sustainable housing and operates in a socially responsible manner
- Located only in The Netherlands, all in residential and related real estate
- Diversified portfolio consisting of approximately 355 residential complexes
- Focus on economically strong regions
- Focus on the mid-rental segment: monthly rents of between € 711 and approximately €1,000 (€ 1,200 for G4 cities)

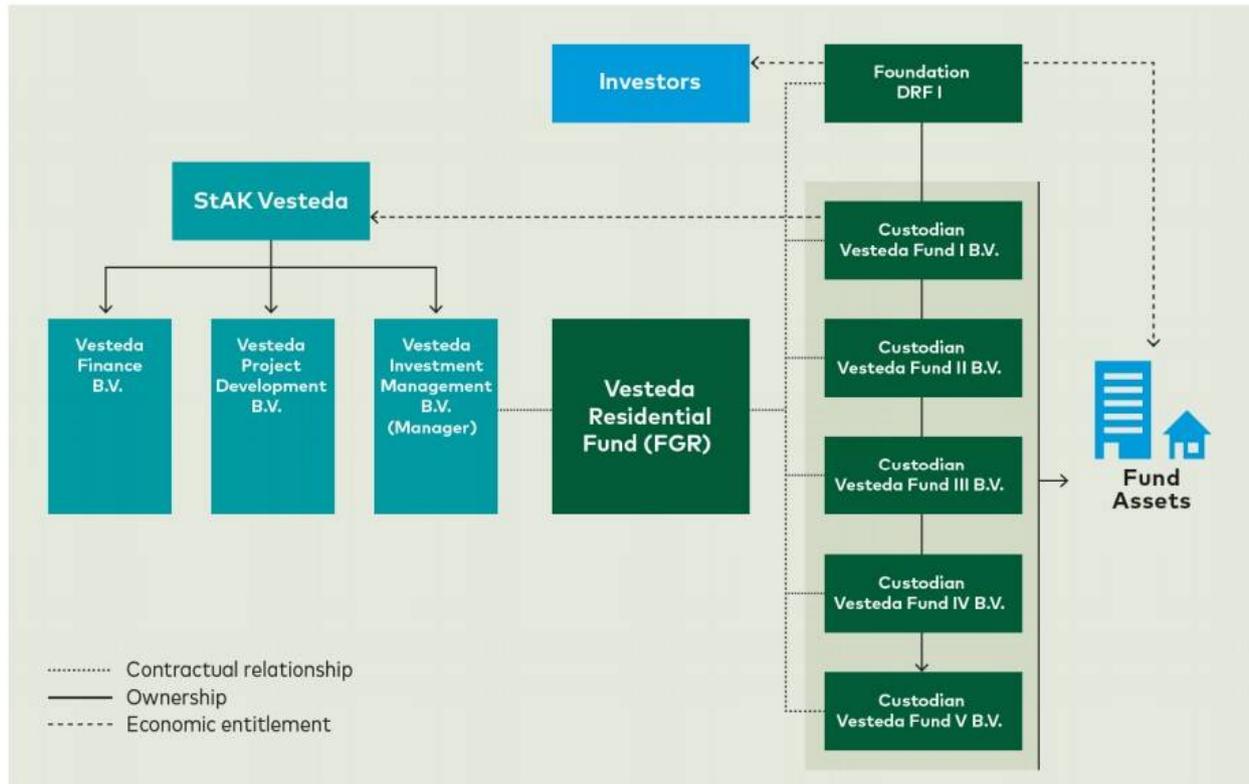
### *Targets*

- Tenant satisfaction score of at least 7.0
- Improve sustainability of portfolio; outperform the Energy Agreement (*Energieakkoord*) of the Dutch Socio-Economic Council (*Sociaal-Economische Raad*) (the **Dutch Energy Agreement**): 80% green energy ratings (A, B or C) and maximum 20% rating D (2020)
- Stable annual distributions to participants of realised return, excluding proceeds from property sales
- Outperformance of the three-year MSCI IPD/ROZ Netherlands 'All Residential' benchmark (<https://www.msci.com/>)

## Legal structure

Vesteda has the legal structure shown below, as set out in the Fund Terms and Conditions.

### Structure of the Fund



### Vesteda Residential Fund

The Fund is a mutual fund for the joint account of the participants. Investors may participate in the Fund by taking an interest in the Fund. The Fund is transparent for tax purposes. For this reason, participants can participate in the Fund via an entity with its own legal and tax structure. Participants always join or exit the fund through the fund manager, Vesteda Investment Management B.V. (**Fund Manager**), in accordance with the Fund Terms and Conditions. The rights and obligations of the Fund Manager, the supervisory committee of the Fund and the participants are set out in the Fund 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 Fund Manager)

The Fund Terms and Conditions instruct the Fund Manager to manage the Fund under the specified conditions. The Fund Manager is responsible for day-to-day operations and implementation of the strategy of the Fund. The managing board and the staff of the Fund are employed by the Fund Manager.

## **Vesteda Finance B.V. and Vesteda Project Development 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.

### **Custodians**

The custodians are the legal owners of the properties of the Fund, while the Fund is the beneficial owner. It is possible to reallocate individual properties to the various custodians for financing purposes in a tax neutral manner, making it possible to finance the fund flexibly, if desired, by allocating collateral to one of the custodians.

## **Strategy and long-term objectives**

### *Strategic and portfolio objectives*

Vesteda's mission and vision are translated into strategic and portfolio objectives.

### **Strategic objectives**

#### *Improve operations*

- Increase tenant satisfaction
- Focus on process standardisation and embedding sustainability
- Optimise net rental income

#### *Optimising investment portfolio*

- Improve the quality of the portfolio through acquisitions, operations, targeted investments and property sales
- Improve the sustainability of the portfolio
- Increase the size of the portfolio through the acquisition of high-quality complexes and portfolios in targeted segments
- Structural outperformance of the three-year MSCI IPD/ROZ Netherlands "All Residential" benchmark

#### *Continuously improving organisation*

- Continued development of organisation based on HPO framework
- Renew IT platform
- Integrate sustainability into daily operations

#### *Offering an attractive fund profile*

- Retain attractive risk-return ratio: core residential investment fund with a low-risk character
- Consolidate Vesteda's leading position in the Dutch residential investment market: large and well-diversified portfolio
- Offering liquidity and tax transparency
- Maintain a conservative leverage profile with optimal diversification by market, type of financing and maturity

- Competitive management expenses
- Stable distribution (realised result less result on property sales) and real long-term value growth

### **Portfolio objectives**

The housing shortage is expected to continue to increase in the years ahead, especially in the economically stronger regions and in the mid-rental segment. Vesteda intends to increase the portfolio's concentration on the mid-market rental segment (monthly rents of between € 711 and approximately € 1,200). On top of this, the main focus will be on regions that are well positioned (focus and primary regions) in terms of economic and demographic growth. In the years ahead, Vesteda will continue to sell assets outside these regions and those that do not meet its other investment criteria.

Vesteda's acquisition strategy is focused on both individual complexes and portfolios of residential properties, both new-build and existing residential units.

This in combination with Vesteda's property sales strategy should in the longer term result in a portfolio with an ever-increasing focus on the mid-rental segment, largely in Vesteda's primary regions.

### **Key developments core departments**

Vesteda's organisational structure consists of the following three core departments: Portfolio Strategy, Operations and Acquisitions. This section details the main developments within these three departments.

#### **Portfolio Strategy**

##### *Growth and improving the quality of the investment portfolio*

The Dutch residential investment market was very strong in 2017. Competition was fierce and several large portfolios were sold to local and foreign investors against sharp returns. Despite these challenging market conditions, our Acquisitions department was able to secure a number of exclusive transaction opportunities. This led to the acquisition of a total of 853 high-quality residential units, almost 70% of which are concentrated in the mid-rental segment in the Fund's core regions.

##### *Current tactics*

To continue to optimise the quality and performance of the Fund's investment portfolio, Vesteda has also (re)defined its tactics for each and every property in its investment portfolio based on Vesteda's annual in-depth hold/sell analysis. The current tactics for the complexes in the Fund's investment portfolio in 2017 are 'operate', 'invest', 'unit-sales', and 'non-core'. The tactic 'operate' applies to almost three-quarters of the Fund's investment portfolio. This translates into a focus on value creation through rental growth, optimal occupancy rates and effective and sustainable maintenance. Some 8% of the Fund's portfolio has been earmarked for the creation of additional value through refurbishments and investments in sustainability. Vesteda has designated roughly 14% of the Fund's portfolio for the tactic unit sales. This involves the generation of additional value through the sale of individual apartments and family houses. In 2017, Vesteda sold a total of 507 residential units through individual unit sales. Vesteda has classified around 5% of the Fund's investment portfolio as non-core. These are complexes that in Vesteda's opinion and analysis have only limited potential in the medium and long-term due to their location and/or condition and/or particular product-market combination (**PMC**). During the course of 2017, Vesteda initiated a portfolio sale consisting of 19 complexes. This transaction was finalised on 26 April 2018.

##### *New regional classification*

Based on trends in the Dutch residential real estate market Vesteda also redefined the attractiveness of locations for investments. This resulted in an adjusted regional classification of primary, secondary and other regions. Vesteda will use this new classification from 2018 onwards. Within the primary region, Vesteda defined 14 so-called 'focus

areas. In order to enhance the Fund’s investment opportunities in these areas, Vesteda will invest in a better network of relevant decision- and policy makers in the relevant municipalities.

### Relative performance (MSCI benchmark)

In 2017, Vesteda outperformed the MSCI Netherlands “All Residential” benchmark in terms of direct return (+0.2%) and indirect return (+0.8%).

*Vesteda Residential Fund versus MSCI residential benchmark\**

	2017	Annual average					Average of past	
		2016	2015	2014	2013	3 yrs	5 yrs	
<b>Direct return</b>								
Vesteda Residential Fund	4.1	4.6	5.0	5.0	4.9	4.6	4.7	
MSCI-benchmark	3.8	4.2	4.5	4.5	4.4	4.2	4.3	
Outperformance	0.2	0.4	0.4	0.5	0.4	0.4	0.4	
<b>Indirect return</b>								
Vesteda Residential Fund	13.5	10.6	5.0	0.8	(3.8)	9.6	5.0	
MSCI-benchmark	12.6	10.5	6.3	0.6	(4.0)	9.8	5.0	
Outperformance	0.8	0.0	(1.2)	0.1	0.2	(0.1)	0.0	
<b>Total return</b>								
Vesteda Residential Fund	18.1	15.7	10.2	5.8	0.9	14.6	9.9	
MSCI-benchmark	16.9	15.2	11.0	5.2	0.2	14.3	9.5	
Outperformance	1.0	0.4	(0.8)	0.6	0.6	0.2	0.4	

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

Percentages MSCI Netherlands “All Residential” benchmark, computed using MSCI definitions. Source: MSCI “Online Benchmark Report, Vesteda Residential Fund – Annual, Compared against: IPD Residential Benchmark, December 2017”

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

### Operations

In 2017, Vesteda successfully completed the integration of three head offices into one head office in Amsterdam. Vesteda set up the Commercial Support department, which was previously located in Maastricht, and this is now based in Vesteda’s new head office. Last year, Vesteda also assumed full management of the North Netherlands portfolio, which consists of around 1,200 residential units in Friesland, Groningen and Drenthe. This means that Vesteda now manages its entire portfolio in-house. The Operations department conducted a digital rental pilot in the first half of last year, at De Generaal in Amsterdam and De Goudsbloem in Den Bosch. In this pilot, the entire rental process, from registration to the signing of the rental contract was conducted digitally. Using this new system, Vesteda has made it possible for its future tenants to run through the entire rental process in a user-friendly and efficient manner. Potential tenants were even able to view the home remotely using virtual reality. This initial pilot gave a number of valuable insights into the digital rental process. On the basis of this pilot, Vesteda will now continue with the roll-out and optimisation of the digital rental process.

### Focus on tenant satisfaction

Vesteda sees increasing tenant satisfaction as one of its main priorities. The annual tenant satisfaction benchmark survey and the continuous research Vesteda conducts on its services in the fields of intake, repair requests and complaint handling provides Vesteda with a range of important insights and potential improvements. In addition, in 2017 Vesteda surveyed a representative sample of all its tenants to measure how much they felt ‘at home’ in Vesteda’s rental units. Vesteda’s tenants gave that ‘at home’ feeling an average score of 6.7 out of 10. One example

of an initiative Vesteda launched as a result of the feedback from this survey is the DoeGroen dagen (GoGreen days). Vesteda employees and tenants are working together to clean up and add to the green in the local environment (gardens, trees and back alleys) to make it more attractive. In 2017, Vesteda organised these ‘GoGreen Days’ in two regions. Vesteda has also put together a task force to brainstorm continuously on potential improvements (on process and policy fronts) to increase Vesteda’s tenant satisfaction. One example of a new initiative is getting Vesteda’s tenants more involved in kitchen, bathroom and toilet renovations.

## **Acquisitions**

In the years ahead, Vesteda will continue to focus on increasing the size of its investment portfolio through acquisitions. Vesteda’s primary focus is on the Randstad, the Brabant metropolitan area and the strong cities in the peripheral regions of The Netherlands. In these regions, Vesteda targets high-quality residential units in the mid-rental price segment of the liberalised rental market. The acquisition of new build projects forms the foundation of Vesteda’s growth strategy. Thanks to Vesteda’s involvement in the early stages of these projects, which will flow into the portfolio in the years ahead, Vesteda can exert a relatively large influence on the design, life-cycle costs and sustainability of the product. In addition, Vesteda aims to acquire existing real estate, residential buildings or entire portfolios, which it can then add to the investment portfolio and generate immediate returns. In 2017, Vesteda once again expanded its acquisitions team. At year-end 2017, the team consisted of 12 (2016: 10) dedicated commercial and technical professionals and support staff. Competition for the acquisition of residential projects was fierce last year. Prices are high and the majority of the residential buildings offered were sold through public or private tenders and in most cases pricing was the sole selection criterion. Despite this competition, Vesteda managed to secure a number of exclusive transaction opportunities. Vesteda acquired a total of 11 projects last year, including 853 residential units (2016: 1,147 units). All of these projects are turnkey acquisitions of new build properties, which Vesteda has added to its pipeline. Virtually all of these projects are located in or around major Dutch cities in the increasingly scarce mid-rental segment and will be added to Vesteda’s portfolio in the next few years. Family houses accounted for 46% of the volume last year.

As described below in “*Portfolio acquisition*”, in February 2018, Vesteda announced that it is in exclusive negotiations with NN Group to acquire a Dutch residential real estate portfolio of approximately 6,800 units. The total consideration of this transaction, if completed, is expected to be approximately €1.4 billion.

## **Management agenda 2018**

### **Portfolio Strategy**

In the years ahead, Vesteda’s strategic targets will focus on:

- Strengthening focus on (potential) tenants
- Outperforming MSCI three-year average Netherlands “All Residential” benchmark – Total Return
- Increasing the size and improving the quality of its portfolio

### **Strengthening focus on (potential) tenants**

Due to Vesteda’s focus on (future) developments in the Dutch residential market, such as the severe shortage of midrental segment homes, the declining size of households, changing housing demands and the rise of the sharing economy, Vesteda is in a position to offer its tenants lifetime housing opportunities that meet their demands. Vesteda’s revised “Programme of Requirements” also improves the ability to align Vesteda’s PMCs with the (future) demands of its tenant groups. Vesteda’s unique, integrated business model means Vesteda can do this effectively and efficiently.

Due to the growth of Vesteda's portfolio through the addition of lifecycle-proof homes and the fact that Vesteda seeks to offer new and innovative solutions that meet the needs of its tenants more effectively, Vesteda aims to create additional value for both its tenants and its participants.

### **Outperforming MSCI three-year average Netherlands “All Residential” benchmark – Total Return**

The growth and management of Vesteda's portfolio is aimed at the maximisation of performance, while maintaining a focus in the mid-rental segment. By pro-actively responding to trends in the Dutch real estate market, Vesteda seeks to create additional rental and value growth. Vesteda also seeks to make more and more use of internal and external data sources to support its research and decision-making, with the aim of improving Vesteda's ability to take well-informed decisions with regard to investments.

### **Increasing the size and improving the quality of Vesteda's portfolio**

Vesteda has set its sights firmly on value-enhancing and sustainable investments in the Fund's portfolio, targeting significant improvements in rental income and value. Vesteda seeks to introduce alternative strategies and tactics for underperforming properties and may consider block sales of underperforming properties. Vesteda also seeks to accelerate investments in energy saving upgrades and aims to manage these measures to outperform the targets set in the government's energy agreement 2020. Vesteda seeks to improve the sustainability of its portfolio by introducing new and future-proof investments based on its defined 10 sustainability rules (e.g. no gas connections or the termination of gas connections and improvements to the sustainability of common areas). Vesteda also seeks to install solar panels whenever and wherever possible, to generate energy for the common areas in its properties. Vesteda will only acquire new buildings when they exceed the regulatory energy standards as required under the terms of the national building decree (Bouwbesluit). If needed, Vesteda seeks to make additional investments to outperform the standards laid down in the decree and will include these additional measures in its investment proposals.

### **Operations**

The operations department has set out a number of clear priorities for the years ahead. These include improving tenant satisfaction, the focus on process standardisation, embedding sustainability and optimising net rental income. In terms of its plans for 2018, this means that among other things, Vesteda will focus on the continued development of tenant segmentation and custom-made services (e.g. rewarding loyalty) and the optimal use of social media platforms. On top of these efforts, Vesteda is planning a complete renewal of the Vesteda website and will continue with the roll-out and optimisation of its digital rental process. In 2018, the operations department will also play an important role in the implementation of the new ERP system. This new ERP system is intended to generate a range of major synergies right across the organisation once it is up and running in 2019. For the operations department, this means that among other things it will be able to improve the services Vesteda provides for its tenants and speed up the delivery of those services.

### **Acquisitions**

Vesteda's target for the year ahead is to continue expanding the investment portfolio. Vesteda is looking to add more than 1,000 units to its pipeline this year, both new build and existing properties, but quality will always take precedence over volume. Vesteda seeks to use its expertise in sourcing, selecting and executing transactions to acquire attractive projects in which Vesteda has relatively large influence on the design, life-cycle costs and sustainability of the product. Vesteda will continue to be selective in terms of the tender procedures it participates in. In addition, Vesteda will continue with a disciplined approach to development risk, but does aim to invest more frequently in the early stages of the development process. Vesteda's primary focus remains on the Randstad, the Brabant metropolitan area and the strong cities in the peripheral regions of The Netherlands. In these regions,

Vesteda targets high-quality residential units in the mid-rental price segment of the liberalised rental market. The foundation of Vesteda’s growth strategy remains the acquisition of new build projects, but it will also acquire existing real estate, residential buildings or entire portfolios, which Vesteda can add to its investment portfolio and generate immediate returns.

### Portfolio acquisition

In February 2018, Vesteda announced that it had started exclusive negotiations with NN Group to acquire a Dutch residential real estate portfolio (the “**Acquisition**”). The negotiations have resulted in the signing of sale and purchase agreements. The closing of the Acquisition is still conditional upon certain conditions precedents being met, which include obtaining a tax ruling and internal corporate approvals on both sides.

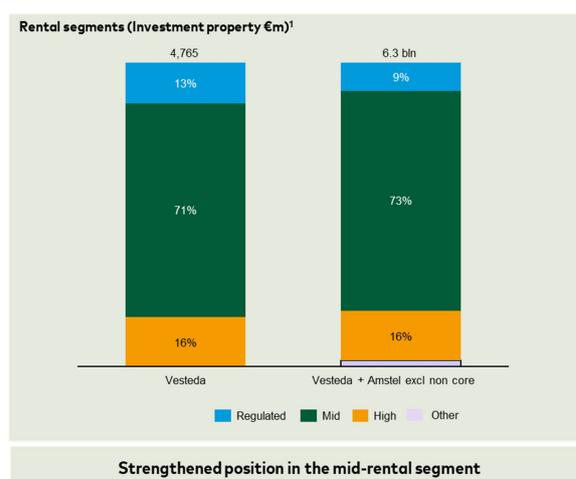
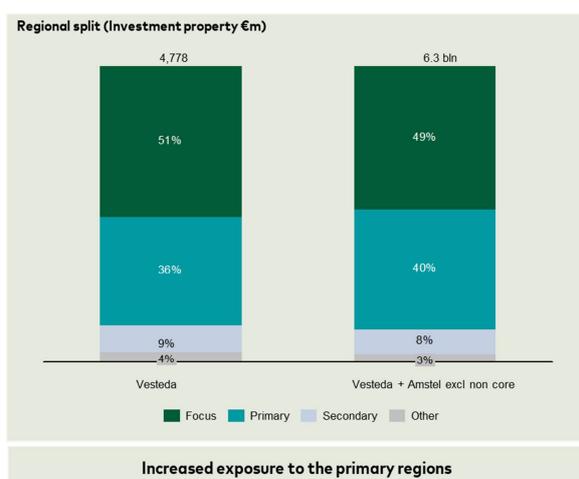
The portfolio to be acquired consists of approximately 6,800 units, of which around 6,000 are standing units and around 800 are part of the acquisition pipeline. The total consideration is approximately €1.4 billion, payable in part, approximately 75%, by way of newly issued participation rights in the Fund to be issued to two entities of NN Group and in part, approximately 25%, by way of a cash payment. As a result of the new issue of participation rights, NN Group is expected to increase its current stake in the Fund (after such increase NN Group’s stake would be less than 30% of participation rights in the Fund).

The units to be acquired are primarily located in geographical areas that are identified as primary regions in Vesteda’s business plan in which Vesteda intends to extend its presence. The mix of regulated, mid- and high rental income units is expected to remain fairly stable. Overall, the Acquisition is in line with Vesteda’s strategy to expand and optimize its investment portfolio.

As a result of the Acquisition, if and when completed, Vesteda’s real estate portfolio is expected to include approximately 27,000 residential units, representing a total value of more than EUR 6 billion.

Accordingly, Vesteda expects that its portfolio composition would change as follows after the completion of the Acquisition:

## The Acquisition increases Vesteda's exposure to its primary regions and segments



Note 1: Vesteda’s and Amstel’s investment property only includes residential units  
Source: Vesteda reports, Amstel data room

**Note 1:** The regional split and segmental split are based on gross asset value, as assessed by Vesteda, of residential units only. The first column shows gross asset value of Vesteda's investment property as at 31 December 2017, whereas the second column shows expected gross asset value of Vesteda's investment property, plus the portfolio acquired as part of the Acquisition, as of the date of completion of the Acquisition.

As a result of the Acquisition, Vesteda expects the comparability of financial and other information to change as at the date of completion of the Acquisition. Consequently, this Prospectus contains certain unaudited illustrative financial and operational information that aggregates, for illustrative purposes, the following items:

	Vesteda FY2017 (unaudited)	Vesteda, FY 2017 assuming the completion of the Acquisition as set out in this paragraph (unaudited)
Residential Units	22454	27000
Investment property (€)	4.8 bln	6.3bln
Average value per res unit (€ thousand)	213	232
Theoretical rent (€ millions)	254	310
EBITDA (€ millions)	168	216
Interest Expenses (€ millions)	30	36
Leverage ( Debt Capital / Total Assets)	23.2%	26%
ICR	5.6	6
Physical occupancy	97.6%	96.9%
TER	35bps	30bps
Gross Initial Yield	5.4%	4.9%

The unaudited (financial) information as set out in the table and graph above has been prepared for illustrative purposes only and does not constitute pro forma financial information, and should not be read as such. It addresses a hypothetical situation based on the business operations of Vesteda as of 31 December 2017, assuming that these transactions had been completed in full as at that date. Therefore, the unaudited (financial) information does not represent the actual (financial) position or results of Vesteda as at the time for which the (financial) information has been prepared.

The unaudited (financial) information is prepared using Vesteda's accounting policies also in relation to the portfolio acquired as part of the Acquisition, in reliance on valuations carried out by (an) independent valuer(s), and is being provided to give a better understanding of the expected changes to Vesteda's operations after the completion of the Acquisition.

### **Portfolio sale**

During the course of 2017, Vesteda initiated a portfolio sale of 19 complexes consisting of approx. 1,900 residential units. The sale of these complexes will lead to a better fit between Vesteda's portfolio and Vesteda's strategy and future ambitions. This transaction was finalised on 26 April 2018. It is envisaged that the sale of these complexes will lead to improved alignment of Vesteda's portfolio with Vesteda's strategy and future ambitions.

## **Corporate**

### **New ERP platform**

In 2018, Vesteda will continue with its company-wide culture and organisation change programme called ‘Vesteda Verbeter’ (Vesteda Improves), with the aim of transforming Vesteda into a High Performance Organisation (HPO). As part of this programme, it was concluded that the current IT architecture and (ERP) systems need to be replaced in order to support Vesteda’s integrated business model. After a thorough vendor selection process in 2017, Vesteda will implement a new ERP system in 2018, with operations, finance & reporting, and investment management to be fully integrated. The new ERP platform is expected to be up and running in early 2019 and will act as the basis for the realisation of operational excellence, support growth and increase our competitive advantage.

### **CSSR**

Vesteda’s CSSR targets are an integral part of the business plan and are therefore firmly embedded in the business operations. In 2018, Vesteda will continue with its programme to reduce resource consumption and focus on alternative energy sources instead of non-renewable energy sources such as natural gas. Furthermore, Vesteda will continue to improve the sustainability of its portfolio. In addition, Vesteda aims to achieve the highest GRESB Rating, the Green Star rating with five out of five stars, in 2018, following a four star rating in 2017.

### **Funding**

Vesteda has no refinancing obligations for 2018. Vesteda will continue to actively manage the headroom under Vesteda’s revolving credit facility, most recently amended in 2018, and with a termination date in 2023, as such date may be extended, to ensure adequate headroom to cover future refinancing commitments for 2019. The focus in 2018 is on further optimisation of Vesteda’s financing structure. Vesteda’s debt funding strategy will be subject to an extensive benchmarking and strategic review to validate or adjust its existing funding targets. Optimisation of Vesteda’s existing loan portfolio could include the renegotiation of the terms of existing debt or pre-payment of debt capital and the replacement with new facilities with longer maturity at relatively lower interest costs.

## Key portfolio developments

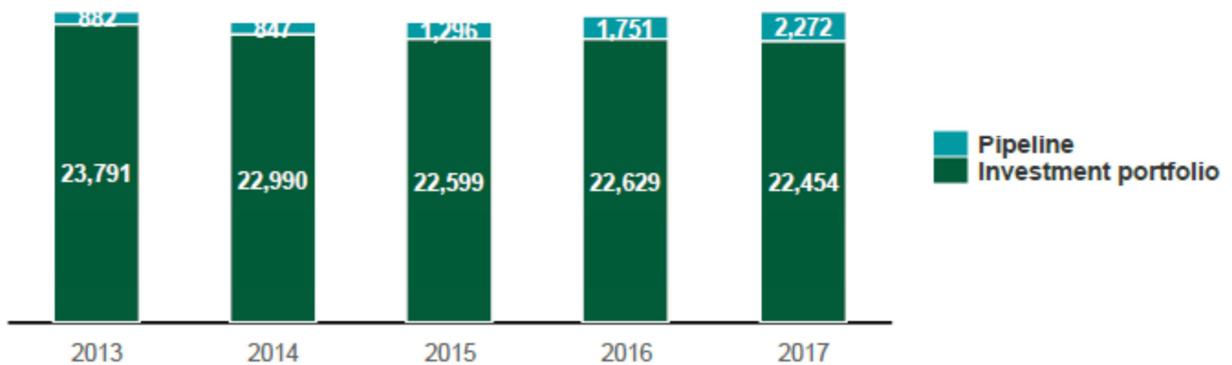
### Introduction

The composition of the portfolio is based on the following three pillars:

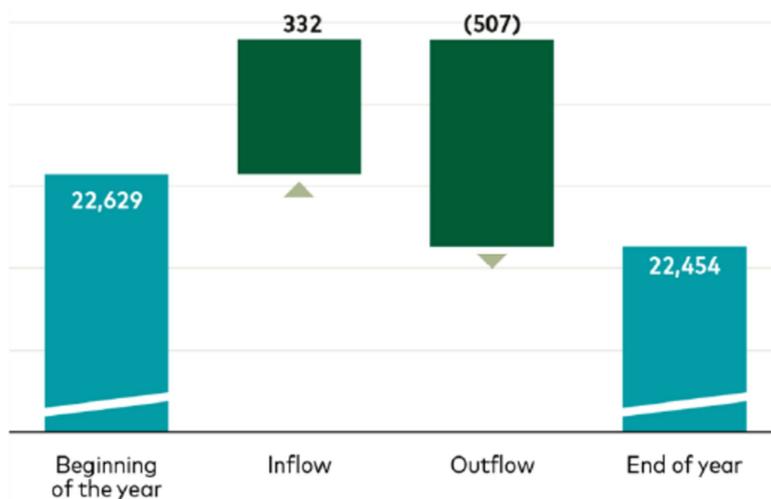
- Return: contribution of property returns to the overall portfolio return;
- Location: focus on economically strong regions;
- Rental segment: focus on the mid-rental sector.

This section describes the key portfolio developments over the last five years, based on market segmentation and strategic portfolio criteria.

### Total number of units in investment portfolio and acquisition pipeline



### Changes in investment portfolio (number of units)

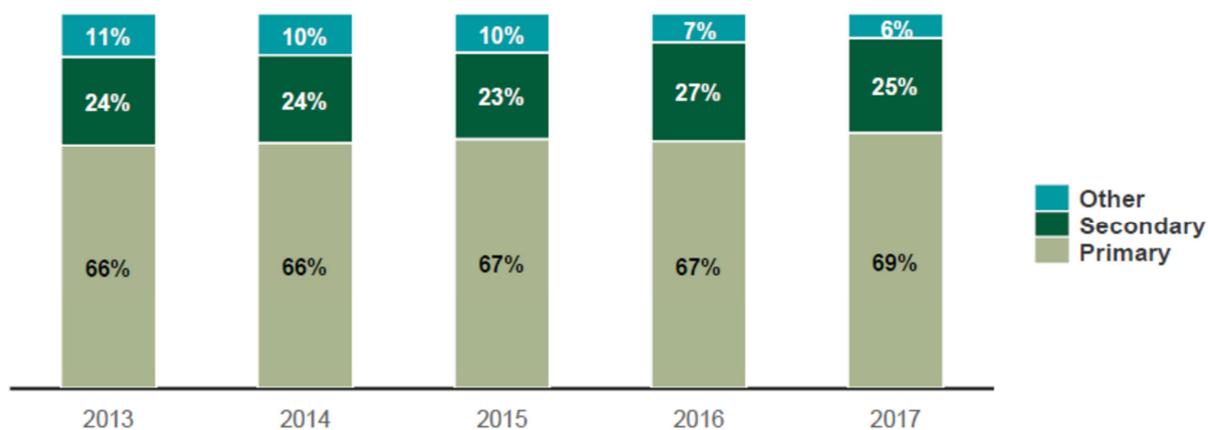


The total number of residential units stood at 22,454 at year-end 2017, a slight decrease of 0.8% compared to year-end 2016.

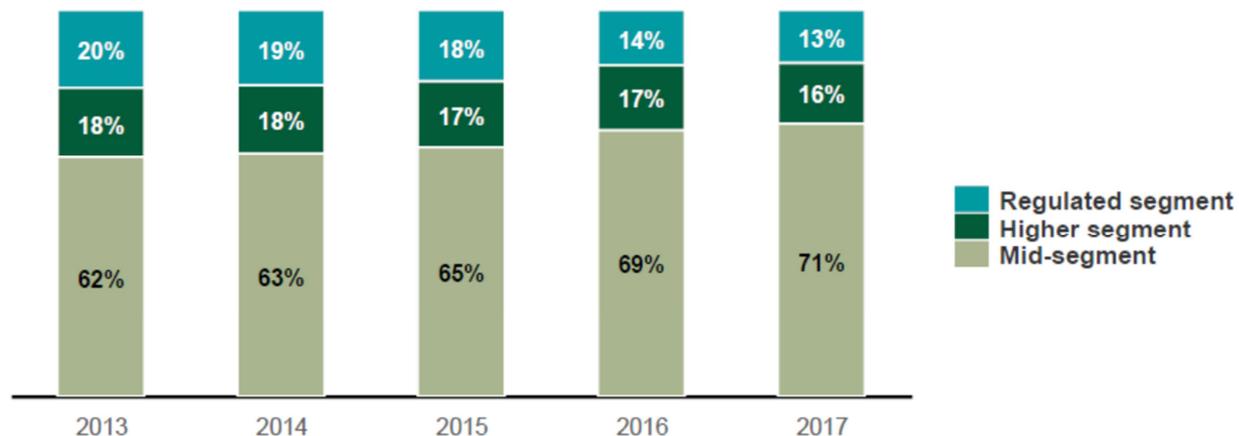
At year-end 2017, 69% of the investment portfolio is located in primary regions compared with 67% at year-end 2016.

In line with its strategy of focusing on the mid-rental segment of the market, the percentage of Vesteda's investment portfolio in this segment had increased to 71% at the end of 2017, from 69% at the end of 2016.

**Composition of the investment portfolio by region (percentage in terms of value)**



**Composition of the investment portfolio (% mid-segment, in terms of value)**



**Income from investment portfolio**

**Market rents and theoretical rent**

The market rent was 1.5% above the theoretical rent at year-end 2017. Reversionary potential (i.e. the difference between market and theoretical rent divided by theoretical rent) improved to 1.5% from -0.1% in 2016. The market rent growth underlines the quality of Vesteda's portfolio.

#### Investment portfolio, market rent and theoretical rent

Year-end (€ million)	2017	2016	2015	2014	2013
Market rent	264	250	243	244	243
Theoretical rent	260	251	244	248	249

#### Rental income trends

In 2017, the average rental income per unit rose by 3.2% to €910. The main driver of this increase was the average annual rent increase of +2.6% on 1 July 2017. Vesteda's ability to successfully increase rents support its strategy of focusing on primary regions and the mid-rental segment. The rental increase was dampened by the impact of lower realised rents from re-lettings (-0.1%) and was positively impacted by the on average higher rents of residential units that were added to the investment portfolio compared to the homes that were sold (+0.7%).

#### Investment portfolio, average monthly rent

Year-end (€)	2017	2016	2015	2014	2013
Average monthly rent	910	882	856	843	827

#### Investment portfolio, average rental increase by source

Beginning of year compared with year-end	2017	2016
Like-for-like rental increase	2.8%	2.4%
- Average rental increase for current tenants	2.9%	2.6%
- Re-letting	(0.1%)	(0.2%)
Inflow and outflow of properties in the portfolio	0.7%	0.6%
<b>Total increase in average rent</b>	<b>3.2%</b>	<b>3.0%</b>

Total theoretical rent measured at year end increased by 2.6%, as the negative impact from the in-and-outflow (-0.2%) was largely compensated by the like-for-like rental increase (+2.8%).

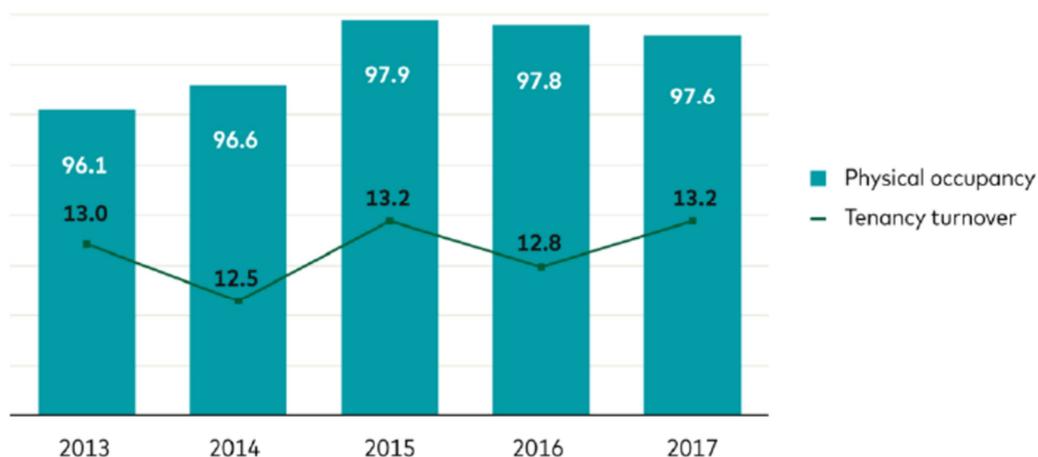
#### Investment portfolio, development of total theoretical rent at year-end

Beginning of year compared with year-end	2017	2016
Like-for-like rental increase	2.8%	2.4%
- Average rental increase for current tenants	2.9%	2.6%
- Re-letting	(0.1%)	(0.2%)
Inflow and outflow of properties in the portfolio	(0.2%)	0.9%
<b>Total increase in theoretical rent</b>	<b>2.6%</b>	<b>3.3%</b>

The occupancy rate (in units, year-end) fell slightly to 97.6% in 2017, from 97.8% in 2016. This was due to a strong increase in the refurbishment of units to achieve higher rents, in line with Vesteda's strategy of rent

optimisation. This decrease was partly compensated by a decrease in vacancy as a result of individual unit sales and re-letting. Tenancy turnover increased to 13.2% from 12.8% in 2016.

### Physical occupancy rate and tenancy turnover



### Realised rental income

#### Investment portfolio, realised rental income

(€ million)	2017	2016	2015	2014	2013
Gross rental income	247	242	237	237	240
Net rental income	184	182	176	176	181
Gross/net ratio	25.7%	24.9%	25.5%	25.9%	24.8%
Gross/net ratio landlord excl. landlord levy	24.1%	23.3%	23.6%	24.7%	24.7%

In 2017, the gross/net ratio increased to 25.7% from 24.9% in 2016, due to an increase in planned maintenance costs and an increase in the landlord levy to 0.536% from 0.491%. The income-related rent increase for the regulated sector did not fully compensate for the additional costs resulting from the landlord levy.

### Value of investment portfolio

The table below shows the value growth of the investment portfolio, which had increased to € 4,778 million as at 31 December 2017, an increase of 13.6% compared with the previous year (2016: € 4,207 million).

#### Investment portfolio, value

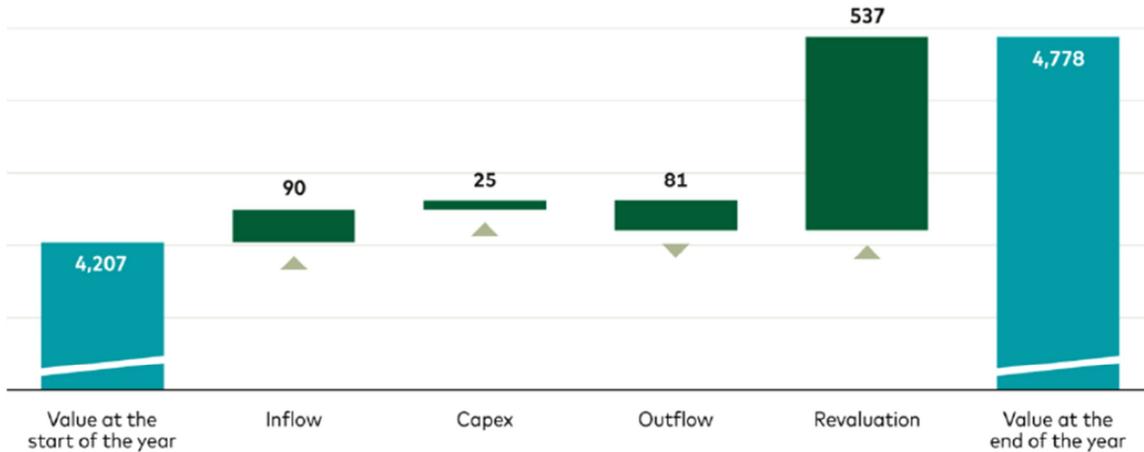
Year-end (€ million)	2017	2016	2015	2014	2013
Single family houses*	1,753	1,578	1,474	1,399	1,429
Apartments*	3,025	2,629	2,252	2,193	2,226
<b>Total</b>	<b>4,778</b>	<b>4,207</b>	<b>3,726</b>	<b>3,593</b>	<b>3,655</b>
<b>Total number of residential units</b>	<b>22,454</b>	<b>22,629</b>	<b>22,599</b>	<b>22,990</b>	<b>23,791</b>

\* Including value of associated parking/garage spaces and commercial space in projects.

### Value changes in detail

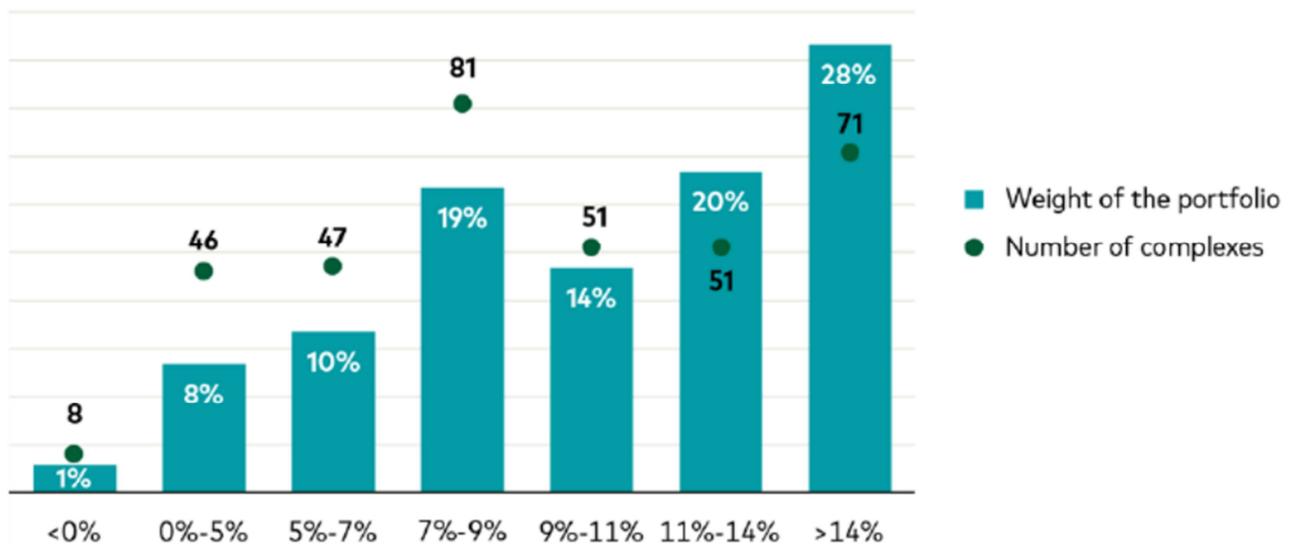
Based on the value at the beginning of 2017, the revaluation of the investment portfolio was 12.7%. This positive revaluation was the main driver of the 13.6% net increase in the value of the investment portfolio. The graph below shows the changes and the impact of revaluation.

#### Investment portfolio, changes in value (in € million)



Capital expenditures were slightly higher than in 2016 (€25 million versus € 23 million), largely due to the increased investments in improvements to the sustainability of Vesteda's portfolio. Inflow and outflow led to a net inflow of €9 million or 0.2% in the value of the portfolio. Property revaluations added €537 million, or 12.7%, to the value of the portfolio.

#### Revaluation (number of residential complexes)



The portfolio revaluation amounted to 12.7% for 2017. This positive result was largely related to the primary region (+13.7%) and the mid-rental segment (15.0%). The strong revaluation in the higher segment was due to the location of these assets, with 50% located in Rotterdam and Amsterdam.

## Average value per residential unit

The average value per residential unit in the portfolio increased by 14.5% to € 213,000 at year-end 2017. This increase was largely the result of the revaluation of 12.7%. Additionally, there was a (portfolio) mix effect due to the addition of new units with a higher value and the lower value of the units sold.

### Investment portfolio, average value per residential unit

Year-end (€ thousand)	2017	2016	2015	2014	2013
Average value per residential unit	213	186	160	152	151

## 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, declined for the third consecutive year. In 2017, the gross initial yield declined by 50 basis points to 549%. This decline in yield is the result of favourable market circumstances and increased competition, which was also reflected in the positive revaluation of the portfolio.

### Portfolio, gross yield

(in %)	2017	2016	2015	2014	2013
Gross yield	5.4	5.9	6.6	6.9	6.8

## Segmentation of investment portfolio

The tables below provide insight into the distribution of Vesteda's properties and their characteristics in the portfolio on the two levels of segmentation (rental segment and region).

### Segmentation investment portfolio, rental segment and region

	Weight in units	Weight in value	Average year of construction
Fund	100%	100%	1991
Primary	62%	69%	1991
Secondary	29%	25%	1988
Other	9%	6%	1986
> € 1,200	9%	16%	2006
Non-reg. - € 1,200	70%	71%	1989
Regulated	22%	13%	1981

	Gross/net ratio	Gross financial vacancy	Occupancy rate	Rent 2017 vs 2016	Annual rent increase	Revaluation 2017
Fund	26%	3.1%	97.6%	2.4%	3.0%	12.7%
Primary	23%	3.4%	97.3%	5.0%	3.1%	13.7%
Secondary	24%	1.6%	98.4%	0.2%	2.7%	11.6%
Other	28%	2.0%	98.5%	(3.5%)	2.8%	7.2%
> €1,200	24%	6.2%	93.7%	0.7%	2.5%	15.0%
Non-reg. - €1,200	24%	2.3%	98.1%	4.1%	2.5%	13.4%
Regulated	34%	1.9%	98.1%	(1.6%)	2.3%	10.6%

The relatively high vacancy in the primary region was due to an increased focus on the refurbishment of units to optimise rental income. In addition, renovation works were planned for a large residential complex in Amsterdam which also increased vacancy in the primary region. This was also the main driver behind the higher vacancy in the > €1,200 rental segment.

## MANAGEMENT OF THE FUND

### Members of the managing board of the Fund

As at the date of this Prospectus, the managing board of the Fund consists of Mr. Gertjan van der Baan as Chief Executive Officer (CEO) and Mr. Frits Vervoort as Chief Financial Officer (CFO).

#### ***G.S. (Gertjan) van der Baan (1968)***

CEO, Dutch.

Chairman of the managing 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, Social Responsibility, and Internal Audit.

#### ***Frits Vervoort (1962)***

CFO, Dutch.

Member of the managing board (since 1 November 2016. First term of office ends in October 2020). As CFO of the Fund, Frits Vervoort's responsibilities include accounting, control & reporting, risk, legal/compliance, operations, IT and treasury.

### Members of the supervisory committee of the Fund

As at the date of this Prospectus, the supervisory committee of the Fund consists of the persons as listed below. The supervisory committee of Fund is responsible for the supervision of the management of the Fund.

#### **Peter Kok (1954)**

Chairman

*Areas of expertise: management, finance, risk management.*

#### **Jaap Blokhuis (1958)**

*Areas of expertise: management, finance, investments, compliance, risk management.*

#### **Hans Copier (1957)**

*Areas of expertise: management, risk management and audit, compliance, personnel and organisation.*

#### **John de Die (1960)**

*Areas of expertise: risk management & control, corporate finance, investments, reporting.*

#### **Seada van den Herik (1972)**

*Areas of expertise: personnel and organisation, finance, risk management.*

## FINANCIAL INFORMATION OF THE FUND

The financial information in this section has been derived from the audited financial statements of the Fund, which are incorporated by reference, other than the information included under the paragraphs “Key figures” and “Vesteda’s performance on main KPIs” below, which information has been derived from the unaudited management reports of the Fund.

### Key figures

#### Income

(in € million)	FY 2017	FY 2016
Theoretical rent	254	248
Loss of rent	(7)	(6)
<b>Gross rental income</b>	<b>247</b>	<b>242</b>
Service charges income	10	10
<b>Revenues</b>	<b>257</b>	<b>252</b>
Property operating expenses (excluding service charges)	(57)	(55)
Service charges	(16)	(15)
Other income	-	-
<b>Net rental income</b>	<b>184</b>	<b>182</b>
Result on projects in progress	-	1
Result on property sales	13	14
Management expenses	(16)	(22)
Interest expenses (including amortisation of financing costs)	(31)	(33)
Unwind transaction derivatives	(12)	-
<b>Realised result before tax</b>	<b>138</b>	<b>142</b>
Unrealised result	544	391
<b>Result before tax</b>	<b>682</b>	<b>533</b>
Tax	-	-
<b>Result after tax</b>	<b>682</b>	<b>533</b>
Revaluation of Property Plant and Equipment (PPE)	1	-
Unwind transaction derivatives	12	-
Revaluation of derivatives	6	4
<b>Total comprehensive income</b>	<b>701</b>	<b>537</b>

#### Statement of financial position

(in € million)	31 December 2017	31 December 2016
Total assets	5,084	4,375
Equity	3,819	3,045
Debt capital	1,177	1,237
Leverage ratio (in %)	23.2	28.3

#### Debt capital

(in € million)	FY 2017	FY 2016
Interest expenses (excluding amortisation of financing costs)	30	31
EBITDA	168	160

## Vesteda's performance on main KPIs

	2015A	2016A	Budget 2017	2017A	Target vs forecast
<b>Return on Equity</b>					
Realised return	5.4%	5.4%	4.9%	4.5%	
Unrealised return	7.5%	14.9%	8.4%	17.9%	✓
Total return	12.9%	20.3%	13.3%	22.4%	
<b>Energy label (avg total letting portfolio)</b>	C 8% ≤ E	75% ≥ C 17% D 8% ≤ E	80% ≥ C* 15% D* 5% ≤ E*	81% ≥ C 13% D 7% ≤ E	✓
<b>MSCI 3-year total return outperformance</b>	+0.2%	+0.1%	> 0%	0.2%	✓
<b>Net rental income (% value portfolio at start of the year)</b>	4.9%	4.9%	4.5%	4.4%	✗
<b>Gross/ net (incl. landlord levy)</b>	25.5%	24.9%	25.5%	25.7%	✓
<b>Physical occupancy rate</b>	97.9%	97.8%	97.0%	97.6%	✓
<b>Management expenses (TER as bps of average GAV)</b>	44bps	54bps	38bps	35bps	✓
<b>Leverage ratio</b>	28.6%	28.3%	27%	23.2%	✓

\* These are the 2020 targets

### Higher Gross rental income

Theoretical rent amounted to €254 million in 2017, an increase of €6 million compared with the theoretical rent of €248 million recorded in 2016. Despite a slight drop in the size of the portfolio compared with 2016, the theoretical gross rental income was higher due to a higher average rent (€910 at year-end 2017, from €882 at year-end 2016). The like-for-like increase was 2.8% in 2017.

Loss of rent % came in at 2.9% in 2017, a slight increase on the 2.5% Loss of rent % in 2016. This was largely due to the inflow of new complexes in our investment portfolio and the refurbishment of units in order to achieve higher rents, in line with our strategy of rent optimisation.

Gross rental income amounted to €247 million in 2017, compared with €242 million in 2016.

### Increase in net rental income, despite higher planned maintenance expenses

Property operating expenses came in at €57 million in 2017, €2 million higher than the property operating expenses of €55 million recorded in 2016. This increase was largely due to higher planned maintenance costs. The gross/net ratio amounted to 25.7% in 2017, compared with 24.9% for the previous year. The non-recoverable service charges (service charges less service income) increased to €6 million in 2017, compared with €5 million in 2016. Despite relatively higher property operating expenses and the increase in non-recoverable service charges, net rental income rose to €184 million in 2017, compared with €182 million in 2016.

### Realised result

The realised result (excluding unwinding costs) amounted to €138 million in 2017, a decline of €4 million compared with the realised result of €142 million recorded in 2016. Excluding the €12 million loss on the unwind of the derivative position in 2017, plus the reorganisation provision of €7 million in 2016, the realised result in 2017 was slightly higher than the result recorded in 2016.

### **Sales proceeds**

In 2017, Vesteda sold a total of 507 homes from its investment portfolio, compared with the sale of 570 homes in 2016. These were all individual unit sales in both 2016 and 2017. The proceeds from the sales declined slightly to €13 million in 2017, from €14 million in 2016, with the sales margin stable at 15.9%.

### **Management expenses**

Management expenses came in at €16 million in 2017, compared with €22 million in 2016. Excluding the one-off expense of €7 million for the reorganisation provision, taken in connection with the restructuring programme and relocation of the offices to a single centralised location in Amsterdam, management expenses amounted to €15 million in 2016. The slight increase in management expenses was due to the planned increase of IT expenses as a consequence of the transition from Maastricht to Amsterdam and the new ERP system..

### **Unwind transaction derivatives**

In December 2017, the remaining €215 million notional of the interest rate swap (IRS) was unwound for a total consideration of €12 million. As a result of the unwind in 2017, Vesteda had no interest derivatives for the hedging of its loan portfolio outstanding at year-end 2017.

### **Unrealised result**

The continuing positive sentiment on the Dutch housing market led to a positive revaluation of 12.7% on our investment portfolio in 2017, compared with 10.1% in 2016. Appraisals of Vesteda's investment portfolio showed a further decline of exit yields and an increase of vacant value ratios. The unrealised result amounted to €544 million in 2017, compared with €391 million in 2016.

### **Total comprehensive result**

Vesteda's total comprehensive result amounted to €701 million in 2017, compared with €537 million in 2016. This increase was largely due to the positive revaluation of our investment portfolio. Total return on opening equity (ROE) was 23.0% in 2017 (2016: 20.4%), 4.5% of which was realised return (2016: 5.4%), 17.9% of which was unrealised return (2016: 14.9%), and 0.6% of which was due to the revaluation of derivatives (2016: 0.1%).

### **Changes in equity**

At 31 December 2017, equity stood at €3,819 million, compared with €3,045 million at 31 December 2016. This increase in equity totalling €774 million was the balance of a positive realised result of €138 million, a positive unrealised result of €544 million, a €6 million positive change in the value of derivatives, a €12 million effect related to the unwind transaction derivatives, a positive revaluation of our head-office of €1 million, a €280 million equity inflow and €1 million costs related to the new equity and a distribution to participants totalling €206 million.

### **Distribution proposal**

The participants' meeting in December 2016 approved the following two-fold proposal for a change in the timing of the distribution:

- Change to an interim distribution policy as of financial year 2017, whereby approximately 60% of budgeted distribution is paid out in three instalments during the year, each 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;

- Distribution of result over financial year 2016 in one payment, immediately after the adoption of the financial statements (April 2017).

In 2017, the realised result less the result on property sales amounted to €126 million. As a result of the one-off character of the unwind transaction derivatives, Vesteda proposed not to take the unwinding cost into account for the 2017 distribution calculation, which proposal was approved. Vesteda therefore made a total distribution of €138 million, which represents a distribution yield of 3.6% for the 2017 financial year.

In 2017, a total amount of €206 million was distributed to participants, of which €128 million was the 2016 full-year distribution. A total of €78 million was paid as an interim distribution for 2017 in three instalments. The fourth interim distribution for 2017 of €26 million was distributed in January 2018. Vesteda made a final distribution payment for 2017 of €34 million in April 2018.

### **Debt Capital**

During the year under review, Vesteda focused on continued long-term optimisation of Vesteda's debt portfolio in line with the main targets of our debt funding strategy. At year-end 2017, Vesteda's drawn debt capital amounted to €1,177 million which is below the debt capital drawn of €1,237 million at year-end of 2016, mainly as a result of our use of the new equity investment in May 2017 for a temporary reduction in drawn debt.

As a result of the lower amount of drawn debt in combination with the continued positive revaluation of Vesteda's assets, total leverage during 2017 declined to a leverage ratio of 23% at year-end 2017 from 28% at year-end 2016.

In 2017, Vesteda continued to focus on a balance between a sustainable reduction of interest expenses while increasing our debt capital's weighted average maturity. The following transactions contributed to achieving our long-term debt funding targets:

- In August 2017, Vesteda prepaid all remaining outstanding mortgage loans with FGH Bank. As a result, Vesteda has no refinancing obligations until July 2019.
- In December 2017, Vesteda issued a new €35-million 10-year private placement and a €65-million 15-year private placement transaction under this programme, which contributed to the lengthening of the weighted average maturity of Vesteda's debt portfolio. The proceeds were used to reduce the drawn amounts under our revolving credit facility.
- In December 2017, the remaining interest rate swap with a notional of €215 million and a term until 2020 was unwound for a total consideration of €12 million, which lowered total hedged and fixed interest exposure to 76.5% at year-end 2017 and will reduce interest expenses in the future

Through these transactions, Vesteda increased its average weighted maturity profile to 4.6 years, above its long-term minimum target of four years. The prepayment of the FGH Bank mortgage debt ended asset encumbrance compared with 4% encumbered assets at year-end 2016. As at year-end 2017, Vesteda retained €323 million of undrawn commitment under its revolving credit facility, providing flexibility and liquidity headroom to cover potential acquisitions and refinancing obligations. The average total debt interest rate at year-end 2017 was 2.2%.

Vesteda's main financial covenants, as part of its financing agreement, are a maximum loan-to-value ratio of 50% and a minimum interest cover ratio of 2.0. Throughout 2017, Vesteda comfortably met all the financial

covenants of its financing arrangements.

## DESCRIPTION OF THE ISSUER

### General

The Issuer is a financing company and has the legal form of a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*). The Issuer was incorporated under the laws of The Netherlands on 18 July 2012. The corporate seat of the Issuer is in Amsterdam, The Netherlands and its registered office is at De Boelelaan 759, 1082RS Amsterdam, The Netherlands with the following telephone number: 0884561666. The Issuer is registered in the Commercial Register of the Chamber of Commerce under number 55723322.

Pursuant to article 3 of its articles of association, the corporate objects of the Issuer are:

- a. to finance businesses and companies with which it forms a group, including the entities which act as custodian of the Fund, a fund for joint account of the participants and to execute financial transactions on behalf of the group;
- b. to borrow, to lend and to raise funds including the issuance of bonds, promissory notes or other securities, on evidence of indebtedness as well as to enter into agreements relating thereto;
- c. to incorporate, to participate in any way whatsoever in, and to manage businesses and companies;
- d. to grant guarantees, to bind the Issuer and to pledge its assets for businesses and companies with which it forms a group and for third parties;
- e. to render advice and services to businesses and companies;
- f. to perform any and all activities of a financial nature,
- g. and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense

### Issued share capital of the Issuer

The issued capital of the Issuer amounts to €18,000, divided into 1,800,000 registered shares with a nominal value of €0.01 each, issued on 18 July 2012, which are currently all held by Stichting Administratiekantoor Vesteda. The capital is fully issued and paid-up. The Issuer does not have authorised but unissued capital.

### Business

Pursuant to its corporate purpose, the Issuer acts as financing company of the Fund, the principal activity of the Issuer is to finance businesses and companies which are part of the Fund. Because of its purely internal purpose, the Issuer does not have any markets in which it competes and therefore, the Issuer cannot make a statement regarding its competitive position in any markets.

### Organisational structure

The Issuer is a wholly owned subsidiary of Stichting Administratiekantoor Vesteda. The Issuer does not have any subsidiaries of its own.

### Management, Corporate governance

The sole managing director of the Issuer is Vesteda Investment Management B.V. The corporate seat of the sole managing director is in Amsterdam, The Netherlands and its registered office is at De Boelelaan 759, 1082RS Amsterdam, The Netherlands with the following telephone number: 0884561666. Vesteda Investment

Management B.V. is registered in the Commercial Register of the Chamber of Commerce under number 14071789.

There are no conflicts of interest between the duties of the sole member of the managing board of the Issuer and its private interests or other duties.

No specific rules apply to the Issuer under the Dutch corporate governance code, because the Dutch corporate governance code only applies to companies whose shares are listed.

#### **Legal and Arbitration Proceedings**

There are currently no, and the Issuer has not been involved during the last twelve months in any, governmental, legal or arbitration proceedings, against or affecting the Issuer, nor is the Issuer aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the financial position or profitability or results of operations of the Issuer.

#### **Material Contracts**

The Issuer has not entered in any material contract other than in the ordinary course of its business, which could result in any Fund entity (including the Issuer) being under an obligation or entitlement that is material to the ability of the Issuer or the Guarantors to meet their respective obligation to Noteholders in respect of the Notes being issued.

#### **Recent Developments**

There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the solvency of the Issuer.

#### **Trend Information and Significant Changes**

There has been no material adverse change in the prospects of the Issuer since 31 December 2017 and no significant change in the financial or trading position of since 31 December 2017.

#### **Auditors**

The auditor of the Issuer is Deloitte Accountants B.V.

## DEED OF GUARANTEE

*This is the text of the Deed of Guarantee in respect of the Notes, as supplemented, amended and restated on 20 June 2018.*

**THIS DEED OF GUARANTEE** is made on 3 July 2014, as supplemented, amended and restated on 20 June 2018

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### BY

- (1) **CUSTODIAN VESTEDA FUND I B.V.**; and
- (2) **CUSTODIAN VESTEDA FUND III B.V.**; and
- (3) **CUSTODIAN VESTEDA FUND IV B.V.**; (the **Guarantors** which expression shall include any further entity acceding as a Guarantor in accordance with Clause 3 (*Accession New Guarantor*) of the Deed of Guarantee)

### IN FAVOUR OF

- (4) **THE NOTEHOLDERS** (as defined in the Base Prospectus described below).

### WHEREAS

- 1.1 Vesteda Finance B.V. (the **Issuer**) and the Guarantors have established a Guaranteed Euro Medium Term Note Programme (the **Programme**) for the issuance of notes (the **Notes**), originally in the amount of EUR 1,500,000,000, as amended on 20 June 2018 in an amount of EUR 2,000,000,000. In connection with the Programme they have entered into a dealer agreement dated 20 June 2018 (the **Dealer Agreement**) and an issue and paying agency agreement dated 20 June 2018 (the **Agency Agreement**).
- 1.2 The Issuer has made an application to Euronext Amsterdam N.V. (**Euronext Amsterdam**) for Notes issued under the Programme to be admitted to trading on NYSE Euronext Amsterdam. NYSE Euronext, Amsterdam (**NYSE Euronext, Amsterdam**) is a regulated market for the purposes of MiFID. Notes may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
- 1.3 In connection with the Programme, the Issuer and the Guarantors have prepared a Base Prospectus, originally dated 3 July 2014, and as updated and supplemented from time to time, which has been approved by The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the **AFM**), which is the competent authority in The Netherlands for the purposes of Directive 2003/71/EC, as amended, (the **Prospectus Directive**) and relevant implementing measures in The Netherlands.
- 1.4 The Guarantors have agreed to guarantee the payment of all sums expressed to be payable from time to time by the Issuer to Noteholders in respect of the Notes.

**NOW THIS DEED OF GUARANTEE WITNESSES** as follows:

**1. INTERPRETATION**

**1.1 Definitions**

All terms and expressions which have defined meanings in the Base Prospectus, the Dealer Agreement or the Agency Agreement shall have the same meanings in this Deed of Guarantee except where the context requires otherwise or unless otherwise stated.

**1.2 Clauses**

Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.

**1.3 Other agreements**

All references in this Deed of Guarantee to an agreement, instrument or other document (including the Base Prospectus, the Dealer Agreement and the Agency Agreement) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, restated, extended, replaced or novated from time to time. In addition, in the context of any particular Tranche of Notes, each reference in this Deed of Guarantee to the Base Prospectus shall be construed as a reference to the Base Prospectus as supplemented and/or amended by the relevant Final Terms.

**1.4 Legislation**

Any reference in this Deed of Guarantee to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

**1.5 Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed of Guarantee.

**1.6 Benefit of Deed of Guarantee**

Any Notes issued under the Programme on or after the date of this Deed of Guarantee shall have the benefit of this Deed of Guarantee but shall not have the benefit of any subsequent guarantee relating to the Programme (unless expressly so provided in any such subsequent guarantee).

**2. GUARANTEE AND INDEMNITY**

**2.1 Guarantee and indemnity**

Each of the Guarantors hereby irrevocably and unconditionally jointly and severally by way of an independent guarantee (*onafhankelijke garantie*):

2.1.1 guarantees to each Noteholder punctual performance by the Issuer of the Issuer's obligations under the Notes;

2.1.2 undertakes with each Noteholder that whenever the Issuer does not pay any amount when due under or in connection with the Notes, that Guarantor shall immediately on demand pay that Noteholder; and

2.1.3 agrees with each Noteholder that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal it will, as an independent and primary obligation, indemnify that Noteholder immediately on demand against any cost, loss or liability it incurs as a result of the Issuer not

paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under the Conditions on the date when it would have been due.

### 3. **ACCESSION NEW GUARANTOR**

The Issuer and the Guarantors may nominate any institution as a new Guarantor hereunder in respect of the Programme, in which event, upon the accession of such institution by a deed of accession (a **Deed of Accession**) in the terms or substantially in the terms set out in Schedule 1 (*Form of Guarantor Deed of Accession*) hereto, such institution shall become a party hereto with all the authority, rights, powers, duties and obligations of a Guarantor as if originally named as a Guarantor hereunder.

### 4. **COMPLIANCE WITH THE CONDITIONS**

The Guarantors covenant in favour of each Beneficiary that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions, in respect of Notes issued and outstanding as at the date hereof and in respect of Notes issued under the Programme and outstanding after the date hereof.

### 5. **PRESERVATION OF RIGHTS**

#### 5.1 **Principal obligor**

The obligations of the Guarantors hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.

#### 5.2 **Continuing obligations**

The obligations of the Guarantors herein contained shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under or in respect of any Note and shall continue in full force and effect for so long as the Programme remains in effect and thereafter until all sums due from the Issuer in respect of the Notes have been paid, and all other actual or contingent obligations of the Issuer thereunder or in respect thereof have been satisfied, in full.

#### 5.3 **Obligations not discharged**

Neither the obligations of the Guarantors herein contained nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:

5.3.1 *Winding up*: the winding up, dissolution, administration, re-organisation or moratorium of the Issuer or any change in its status, function, control or ownership;

5.3.2 *Illegality*: any of the obligations of the Issuer under or in respect of any Note being or becoming illegal, invalid, unenforceable or ineffective in any respect;

5.3.3 *Indulgence*: time or other indulgence (including for the avoidance of doubt, any composition) being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of any Note;

5.3.4 *Amendment*: any amendment, novation, supplement, extension, (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Issuer under or in respect of any Note or any security or other guarantee or indemnity in respect thereof including without limitation any change in the purposes for which the proceeds of the issue of any Note are to be applied and any extension of or any increase of the obligations of the Issuer in respect of any Note; or

5.3.5 *Analogous events*: any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantors herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.

#### 5.4 **Settlement conditional**

Any settlement or discharge between the Guarantors and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantors subsequently as if such settlement or discharge had not occurred.

#### 5.5 **Exercise of Rights**

No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:

5.5.1 *Demand*: to make any demand of the Issuer, save for the presentation of the relevant Note;

5.5.2 *Take action*: to take any action or obtain judgment in any court against the Issuer; or

5.5.3 *Claim or proof*: to make or file any claim or proof in a winding up or dissolution of the Issuer,

and (save as aforesaid) the Guarantors hereby expressly waives presentment, demand, protest and notice of dishonour in respect of any Note.

#### 5.6 **Deferral of Guarantor's rights**

The Guarantors agree that, so long as any sums are or may be owed by the Issuer in respect of any Note or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantors will not exercise any rights which the Guarantors may at any time have by reason of the performance by the Guarantors of its obligations hereunder:

5.6.1 *Indemnity*: to be indemnified by the Issuer;

5.6.2 *Contribution*: to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of any Note; or

5.6.3 *Subrogation*: to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of any Beneficiary against the Issuer in respect of amounts paid by the Guarantors under this Deed of Guarantee or any security enjoyed in connection with any Note by any Beneficiary.

#### 5.7 **Pari passu**

Each Guarantor undertakes that its obligations hereunder will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 6. **DEPOSIT OF DEED OF GUARANTEE**

This Deed of Guarantee and any Deed of Accession shall be deposited with and held by the Fiscal Agent for so long as the Programme remains in effect and thereafter until all the obligations of the Issuer under or in

respect of the Notes have been discharged in full. The Guarantors hereby acknowledge the right of every Beneficiary to the production of this Deed of Guarantee.

## 7. **STAMP DUTIES**

The Guarantors shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Guarantee, and shall indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

## 8. **BENEFIT OF DEED OF GUARANTEE**

### 8.1 **Benefit**

This Deed of Guarantee shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Guarantee against the Guarantor.

### 8.2 **Offer and Acceptance**

This Deed of Guarantee constitutes an irrevocable offer from each of the Guarantors in favour of the Noteholders from time to time, and each Noteholders shall be deemed to have accepted this irrevocable offer.

### 8.3 **Assignment**

The Guarantors shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.

## 9. **PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

## 10. **NOTICES**

### 10.1 **Address for notices**

All notices, demands and other communications to the Guarantors hereunder shall be made in writing (by letter or fax) and shall be sent to the Guarantors at:

De Boelelaan 759  
1082RS Amsterdam  
The Netherlands

Fax: + 0884561667

Attention: Director

or to such other address or fax number or for the attention of such other person or department as the Guarantors have notified to the relevant Noteholders in the manner prescribed for the giving of notices in connection with the relevant Notes.

## 10.2 **Effectiveness**

Every notice, demand or other communication sent in accordance with Clause 9.1 (*Address for notices*) shall be effective upon receipt by the Guarantor; *provided that* any such notice, demand or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

## 11. **CURRENCY INDEMNITY**

If any sum due from the Guarantors under this Deed of Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under this Deed of Guarantee or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Guarantors, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to this Deed of Guarantee, the Guarantors shall indemnify each Beneficiary on demand against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Beneficiary may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action.

## 12. **LAW AND JURISDICTION**

### 12.1 **Governing law**

This Deed of Guarantee and any non-contractual obligations arising out of or in connection with it are governed by the laws of The Netherlands.

### 12.2 **Courts of The Netherlands**

The courts of The Netherlands have exclusive jurisdiction to settle any dispute (a **Dispute**), arising out of or in connection with this Deed of Guarantee (including a dispute relating to the existence, validity or termination of this Deed of Guarantee or any non-contractual obligation arising out of or in connection with this Deed of Guarantee) or the consequences of its nullity.

### 12.3 **Appropriate forum**

The Guarantors agree that the court of first instance (*rechtbank*) in Amsterdam, The Netherlands is the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

## 13. **MODIFICATION**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to Notes, including the modification of any provision of this Deed of Guarantee. Any such modification may be made by supplemental deed if sanctioned by an Extraordinary Resolution and shall be binding on all Beneficiaries.

**IN WITNESS** whereof this Deed of Guarantee has been executed by the Guarantors and is intended to be and is hereby delivered on the date first before written.

**EXECUTED** as a deed )  
by **VESTEDA FINANCE B.V.** )  
acting by )  
**[name]** )

**EXECUTED** as a deed )  
by **CUSTODIAN VESTEDA FUND I B.V.** )  
acting by )  
**[name]** )

**EXECUTED** as a deed )  
by **CUSTODIAN VESTEDA FUND III B.V.** )  
acting by )  
**[name]** )

**EXECUTED** as a deed )  
by **CUSTODIAN VESTEDA FUND IV B.V.** )  
acting by )  
**[name]** )

**SCHEDULE 2**  
**FORM OF GUARANTOR DEED OF ACCESSION**

[New Guarantor]  
[Address]

Dear Sirs

**Vesteda Finance B.V.**  
**€2,000,000,000**  
**Guaranteed Euro Medium Term Note Programme**  
**Guaranteed by the Guarantors**

We refer to our Guaranteed Euro Medium Term Note Programme (the **Programme**) for the issuance of notes, in connection with which we have entered into a deed of guarantee, as amended and restated on 20 June 2018 (the **Deed of Guarantee**). All terms and expressions which have defined meanings in the Deed of Guarantee shall have the same meanings in this letter except where the context requires otherwise or unless otherwise stated.

This is a Deed of Accession as referred to in Clause 3 (*Accession New Guarantor*) of the Deed of Guarantee.

By the execution of this Deed of Accession, [New Guarantor] will have acceded as a Guarantor to the Deed of Guarantee, acknowledging that [New Guarantor] will receive and will be subject to all the authority, rights, powers, duties and obligations of a Guarantor as if originally named as a Guarantor in the Deed of Guarantee.

This Deed of Accession will be sent to the Fiscal Agent in accordance with Clause 6 (*Deposit of Deed of Guarantee*) of the Deed of Guarantee.

This Deed of Accession and any non-contractual obligations arising out of or in connection with it are governed by Dutch law. The provisions of Clause 12 (*Law and Jurisdiction*) of the Deed of Guarantee shall apply to this Deed of Accession as if set out herein in full.

Yours faithfully

For and on behalf of

**VESTEDA FINANCE B.V.**

By:

For and on behalf of

**CUSTODIAN VESTEDA FUND I B.V.**

By:

For and on behalf of

**CUSTODIAN VESTEDA FUND III B.V.**

By:

For and on behalf of

**CUSTODIAN VESTEDA FUND IV B.V.**

By:

**CONFIRMATION**

Pursuant to Clause 3 (*Accession New Guarantors*) of the Deed of Guarantee and this Deed of Accession, we hereby accede as a Guarantor under the Deed of Guarantee as of the date hereof.

For the purposes of Clause 10.1 (*Address for notices*) of the Deed of Guarantee our communication details are as set out below.

**[NEW GUARANTOR]**

By:

Date:

Address: [ ]

Fax: + [number]

Attention: [name or department]

[copies to:

- (i) all existing Guarantors of the Programme;
- (ii) the existing Fiscal Agent.]

## DESCRIPTION OF THE GUARANTORS

### CUSTODIAN VESTEDA FUND I B.V.

#### General

Custodian Vesteda Fund I B.V. was incorporated under the laws of The Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) on 31 December 2012 and has its corporate seat in Amsterdam, The Netherlands and its registered office is at De Boelelaan 759, 1082RS Amsterdam, The Netherlands with the following telephone number: 0884561666. Custodian Vesteda Fund I B.V. is registered in the Commercial Register of the Chamber of Commerce under number 56605838.

The articles of association of Custodian Vesteda Fund I B.V. were last amended by notarial deed on 2 January 2013 before S.C Roozendaal, deputising for R.J.J. Lijdsman, civil law notary in Amsterdam.

Pursuant to article 3 of its articles of association, the corporate object of Custodian Vesteda Fund I B.V. is to act as custodian of the Fund, a fund for the joint account of the participants (*fonds voor gemene rekening*) and in this capacity:

- (a) to acquire, hold, record and register all possible assets (including financial instruments, funds, balances and equivalents thereof), debts and interests by way of custody and to effect all possible transactions in connection therewith;
- (b) to exercise all rights attached to the assets, liabilities and interests that were placed in custody;
- (c) to provide security under contract law and under property law or to bind itself for its obligations and those of third parties and all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense; and
- (d) to perform all acts which are related to the foregoing, arising from the foregoing or may be conducive thereto, including but not limited to, entering into agreements in which the foundation, under its responsibility, assigns its responsibilities wholly or partially to one or more third parties.

#### Issued share capital of Custodian Vesteda Fund I B.V.

The issued capital of Custodian Vesteda Fund I B.V. amounts to €3,000, divided into 3,000 registered shares with a nominal value of €1 each, issued on 1 January 2013, which are currently all held by Stichting DRF I. The capital is fully issued and paid-up. Custodian Vesteda Fund I B.V. does not have authorised but unissued capital.

#### Business

Pursuant to its corporate purpose, Custodian Vesteda Fund I B.V. acts solely as custodian of the Fund. Because of its corporate purpose, the Issuer does not have any markets in which it competes and therefore, the Issuer cannot make a statement regarding its competitive position in any markets.

#### Organisational structure

Custodian Vesteda Fund I B.V. is a wholly owned subsidiary of Stichting DRF I. Custodian Vesteda Fund I B.V. does not have any subsidiaries of its own.

#### Management, Corporate governance

The sole managing director of Custodian Vesteda Fund I B.V. is Vesteda Investment Management B.V. The corporate seat of the sole managing director is in Amsterdam, The Netherlands and its registered office is at De Boelelaan 759, 1082RS Amsterdam, The Netherlands with the following telephone number: 0884561666.

Vesteda Investment Management B.V. is registered in the Commercial Register of the Chamber of Commerce under number 14071789. There are no conflicts of interest between the duties of the sole member of the managing board of Custodian Vesteda Fund I B.V. and its private interests or other duties.

No specific rules apply to Custodian Vesteda Fund I B.V. under the Dutch corporate governance code, because the Dutch corporate governance code only applies to companies whose shares are listed.

#### **Legal and Arbitration Proceedings**

There are currently no, and Custodian Vesteda Fund I B.V. has not been involved during the last twelve months in any, governmental, legal or arbitration proceedings, against or affecting Custodian Vesteda Fund I B.V., nor is Custodian Vesteda Fund I B.V. aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the financial position or profitability or results of operations of Custodian Vesteda Fund I B.V.

#### **Material Contracts**

Custodian Vesteda Fund I B.V. has not entered in any material contract other than in the ordinary course of its business, which could result in any Fund entity (including Custodian Vesteda Fund I B.V.) being under an obligation or entitlement that is material to the ability of the Issuer or the Guarantors to meet their respective obligation to Noteholders in respect of the Notes being issued.

#### **Recent Developments**

There are no recent events particular to Custodian Vesteda Fund I B.V. which are to a material extent relevant to the evaluation of the solvency of Custodian Vesteda Fund I B.V.

#### **Trend Information and Significant Changes**

There has been no material adverse change in the prospects of Custodian Vesteda Fund I B.V. since 31 December 2017 and no significant change in the financial or trading position of since 31 December 2017.

#### **Auditors**

The auditor of Custodian Vesteda Fund I B.V. is Deloitte Accountants B.V.

## **CUSTODIAN VESTEDA FUND III B.V.**

### **General**

Custodian Vesteda Fund III B.V. was incorporated under the laws of The Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) on 31 December 2012 and has its statutory seat in Amsterdam, The Netherlands and its registered office is at De Boelelaan 759, 1082RS Amsterdam, The Netherlands with the following telephone number: 0884561666. Custodian Vesteda Fund III B.V. is registered in the Commercial Register of the Chamber of Commerce under number 56605927.

The articles of association of Custodian Vesteda Fund III B.V. were last amended by notarial deed on 2 January 2013 before S.C Roozendaal, deputising for R.J.J. Lijdsman, civil law notary in Amsterdam.

Pursuant to article 3 of its articles of association, the corporate object of Custodian Vesteda Fund III B.V. is to act as custodian of the Fund, a fund for the joint account of the participants (*fonds voor gemene rekening*) and in this capacity:

- (a) to acquire, hold, record and register all possible assets (including financial instruments, funds, balances and equivalents thereof), debts and interests by way of custody and to effect all possible transactions in connection therewith;
- (b) to exercise all rights attached to the assets, liabilities and interests that were placed in custody;
- (c) to provide security under contract law and under property law or to bind itself for its obligations and those of third parties and all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense; and
- (d) to perform all acts which are related to the foregoing, arising from the foregoing or may be conducive thereto, including but not limited to, entering into agreements in which the foundation, under its responsibility, assigns its responsibilities wholly or partially to one or more third parties.

### **Issued share capital of Custodian Vesteda Fund III B.V.**

The issued capital of Custodian Vesteda Fund III B.V. amounts to €3,000, divided into 3,000 registered shares with a nominal value of €1.0 each, issued on 1 January 2013, which are all currently held by Stichting DRF I. The capital is fully issued and paid-up. Custodian Vesteda Fund III B.V. does not have authorised but unissued capital.

### **Business**

Pursuant to its corporate purpose, Custodian Vesteda Fund III B.V. acts solely as custodian of the Fund. Because of its corporate purpose, the Issuer does not have any markets in which it competes and therefore, the Issuer cannot make a statement regarding its competitive position in any markets.

### **Organisational structure**

Custodian Vesteda Fund III B.V. is a wholly owned subsidiary of Stichting DRF I. Custodian Vesteda Fund III B.V. does not have any subsidiaries of its own.

### **Management, Corporate governance**

The sole managing director of Custodian Vesteda Fund III B.V. is Vesteda Investment Management B.V. The corporate seat of the sole managing director is in Amsterdam, The Netherlands and its registered office is at De Boelelaan 759, 1082RS Amsterdam, The Netherlands with the following telephone number: 0884561666.

Vesteda Investment Management B.V. is registered in the Commercial Register of the Chamber of Commerce under number 14071789.

There are no conflicts of interest between the duties of the sole member of the managing board of Custodian Vesteda Fund III B.V. and its private interests or other duties.

No specific rules apply to Custodian Vesteda Fund III B.V. under the Dutch corporate governance code, because the Dutch corporate governance code only applies to companies whose shares are listed.

#### **Legal and Arbitration Proceedings**

There are currently no, and Custodian Vesteda Fund III B.V. has not been involved during the last twelve months in any, governmental, legal or arbitration proceedings, against or affecting Custodian Vesteda Fund III B.V., nor is Custodian Vesteda Fund III B.V. aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the financial position or profitability or results of operations of Custodian Vesteda Fund III B.V.

#### **Material Contracts**

Custodian Vesteda Fund III B.V. has not entered in any material contract other than in the ordinary course of its business, which could result in any Fund Entity (including Custodian Vesteda Fund III B.V.) being under an obligation or entitlement that is material to the ability of the Issuer or the Guarantors to meet their respective obligations to Noteholders in respect of the Notes being issued.

#### **Recent Developments**

There are no recent events particular to Custodian Vesteda Fund III B.V. which are to a material extent relevant to the evaluation of the solvency of Custodian Vesteda Fund III B.V.

#### **Trend Information and Significant Changes**

There has been no material adverse change in the prospects of Custodian Vesteda Fund III B.V. since 31 December 2017 and no significant change in the financial or trading position of since 31 December 2017.

#### **Auditors**

The auditor of Custodian Vesteda Fund III B.V. is Deloitte Accountants B.V.

## **CUSTODIAN VESTEDA FUND IV B.V.**

### **General**

Custodian Vesteda Fund IV B.V. was incorporated under the laws of The Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) on 31 December 2012 and has its statutory seat in Amsterdam, The Netherlands and its registered office is at De Boelelaan 759, 1082RS Amsterdam, The Netherlands with the following telephone number: 0884561666. Custodian Vesteda Fund IV B.V. is registered in the Commercial Register of the Chamber of Commerce under number 56606028.

The articles of association of Custodian Vesteda Fund IV B.V. were last amended by notarial deed on 2 January 2013 before S.C Roozendaal, deputising for R.J.J. Lijdsman, civil law notary in Amsterdam.

Pursuant to article 3 of its articles of association, the corporate object of Custodian Vesteda Fund IV B.V. is to act as custodian of the Fund, a fund for the joint account of the participants (*fonds voor gemene rekening*) and in this capacity:

- (a) to acquire, hold, record and register all possible assets (including financial instruments, funds, balances and equivalents thereof), debts and interests by way of custody and to effect all possible transactions in connection therewith;
- (b) to exercise all rights attached to the assets, liabilities and interests that were placed in custody;
- (c) to provide security under contract law and under property law or to bind itself for its obligations and those of third parties and all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense; and
- (d) to perform all acts which are related to the foregoing, arising from the foregoing or may be conducive thereto, including but not limited to, entering into agreements in which the foundation, under its responsibility, assigns its responsibilities wholly or partially to one or more third parties.

### **Issued share capital of Custodian Vesteda Fund IV B.V.**

The issued capital of Custodian Vesteda Fund IV B.V. amounts to €3,000, divided into 3,000 registered shares with a nominal value of €1.0 each, issued on 1 January 2013, which are currently all held by Stichting DRF I. The capital is fully issued and paid-up. Custodian Vesteda Fund IV B.V. does not have authorised but unissued capital.

### **Business**

Pursuant to its corporate purpose, Custodian Vesteda Fund IV B.V. acts solely as custodian of the Fund. Because of its corporate purpose, the Issuer does not have any markets in which it competes and therefore, the Issuer cannot make a statement regarding its competitive position in any markets.

### **Organisational structure**

Custodian Vesteda Fund IV B.V. is a wholly owned subsidiary of Stichting DRF I. Custodian Vesteda Fund IV B.V. does not have any subsidiaries of its own.

### **Management, Corporate governance**

The sole managing director of Custodian Vesteda Fund IV B.V. is Vesteda Investment Management B.V. The corporate seat of the sole managing director is in Amsterdam, The Netherlands and its registered office is at De Boelelaan 759, 1082RS Amsterdam, The Netherlands with the following telephone number: 0884561666.

Vesteda Investment Management B.V. is registered in the Commercial Register of the Chamber of Commerce under number 14071789.

There are no conflicts of interest between the duties of the sole member of the managing board of Custodian Vesteda Fund IV B.V. and its private interests or other duties.

No specific rules apply to Custodian Vesteda Fund IV B.V. under the Dutch corporate governance code, because the Dutch corporate governance code only applies to companies whose shares are listed.

#### **Legal and Arbitration Proceedings**

There are currently no, and Custodian Vesteda Fund IV B.V. has not been involved during the last twelve months in any, governmental, legal or arbitration proceedings, against or affecting Custodian Vesteda Fund IV B.V., nor is Custodian Vesteda Fund IV B.V. aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the financial position or profitability or results of operations of Custodian Vesteda Fund IV B.V.

#### **Material Contracts**

Custodian Vesteda Fund IV B.V. has not entered in any material contract other than in the ordinary course of its business, which could result in any Fund Entity (including Custodian Vesteda Fund IV B.V.) being under an obligation or entitlement that is material to the ability of the Issuer or the Guarantors to meet their respective obligations to Noteholders in respect of the Notes being issued.

#### **Recent Developments**

There are no recent events particular to Custodian Vesteda Fund IV B.V. which are to a material extent relevant to the evaluation of the solvency of Custodian Vesteda Fund IV B.V.

#### **Trend Information and Significant Changes**

There has been no material adverse change in the prospects of Custodian Vesteda Fund IV B.V. since 31 December 2017 and no significant change in the financial or trading position of since 31 December 2017.

#### **Auditors**

The auditor of Custodian Vesteda Fund IV B.V. is Deloitte Accountants B.V.

## TAXATION

### TAXATION – NETHERLANDS

*The following summary of the Dutch tax aspects is based on law, policy and jurisprudence as applicable in The Netherlands on the date of the issuance of this Prospectus. Future changes in law, whether retroactive or not, and changes in the lawful interpretation and application thereof may render this summary invalid.*

*For the purpose of this summary, the term “corporation” includes any entity that is a taxable entity for Dutch corporate income tax purposes.*

*Where this summary refers to a holder of Notes or Coupons, such reference is restricted to an individual or corporation holding legal title to as well as an economic interest of Notes or Coupons or otherwise being regarded as owning Notes or Coupons for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to “The Netherlands” or “Dutch” it refers only to the European part of the Kingdom of The Netherlands.*

*The information given below neither is intended as a tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective holder of the Notes or the Coupons. Prospective purchasers are advised to acquaint themselves with the overall tax consequences of purchasing, holding and/or selling the Notes or the Coupons.*

The Issuer has been informed that under the current tax law and jurisprudence of The Netherlands:

- (A) All payments by the Issuer in respect of the Notes or Coupons and any payment by a Guarantor under the Deed of Guarantee can be made without withholding of, or deduction for, or on account of any present taxes, duties, assessments or charges of whatever nature imposed or levied by or on behalf of The Netherlands, any authority therein or thereof having power to tax provided the Notes or the Coupons will not be issued under such terms and conditions that the Notes or the Coupons actually function as equity of the Issuer, within the meaning of article 10(1)(d) of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).
- (B) A corporation being a holder of a Note or a Coupon, that derives income from such Note or Coupon or that realises a capital gain on the disposal, deemed disposal, exchange or redemption of a Note or a Coupon, will not be subject to any Dutch taxes on such income or such capital gain, unless:
  - (i) the holder is, or is deemed to be a tax resident of The Netherlands; or
  - (ii) the holder is not a resident of The Netherlands but has an enterprise that is, in whole or in part, carried on through a (deemed) permanent establishment or a permanent representative in The Netherlands to which permanent establishment or permanent representative the Notes or the Coupons are attributable, or is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in The Netherlands and to which enterprise the Note or Coupon is attributable; or

- (iii) the holder is not a resident in The Netherlands and has a substantial interest or deemed substantial interest, as defined in Dutch tax law, in the Issuer and the holder holds such substantial interest in the Issuer with the main intention (or one of the main intentions) to avoid the levy of Dutch personal income tax with another person and the structure has not been set up on the basis of valid commercial reasons reflecting economic reality.

For the purposes of this paragraph (iii), a substantial interest is generally present if a corporation directly or indirectly, owns or has certain other rights over, shares constituting 5% or more of the Issuer's aggregate issued share capital or, if the Issuer has several classes of shares, of the issued share capital of any class of shares or, if the Issuer has issued profit certificates, or profit certificates entitling him to at least 5% of the annual profit or to at least 5% of the liquidation proceeds. However, as the full aggregate issued share capital in the Issuer is held by Stichting Administratiekantoor Vesteda, which has issued depositary receipts for these shares to the Fund and the Issuer has not issued any profit certificates, a holder should not be subject to Dutch taxes on income and gains derived from the Notes or Coupon by virtue of holding a substantial interest in the Issuer.

The statutory corporate income tax rates in 2018 are 20% for the first of €200,000 of taxable income and 25% for taxable income exceeding €200,000.

An individual being a holder of a Note or a Coupon, who derives income from such Note or Coupon or who realises a gain on the disposal, deemed disposal, exchange or redemption of a Note or Coupon, will not be subject to any Dutch taxes on such income or such capital gain unless:

- (i) the holder is, or is deemed to be a tax resident of The Netherlands; or
- (ii) the holder is not a tax resident of The Netherlands but has an enterprise, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which permanent establishment or permanent representative the Notes or the Coupons are attributable, or
- (iii) the holder is not a tax resident of The Netherlands but has a source of income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in The Netherlands, to which source the income and gains derived from the Notes or the Coupons are attributable, or
- (iv) the holder is not a resident of The Netherlands but is (other than as a shareholder) co-entitled to the net worth of an enterprise carried on through a permanent establishment or a permanent representative in The Netherlands to which the Notes or the Coupons are attributable.

Individual holders who are not a tax resident of The Netherlands will only be subject to Dutch taxes on income and gains derived from the Note or Coupon in the circumstances set out in (ii), (iii) and (iv) above. Income and gains derived from the Notes or Coupons as specified under (ii), (iii) or (iv) above is subject to the Dutch income tax for individuals at rates up to a maximum rate of 51,95% (in 2018).

Income derived by an individual that is a tax resident of The Netherlands and provided the income and gains from the Note or Coupon is not attributable to (a) an enterprise of the holder or (b) to the net worth of an enterprise to which the holder is co-entitled other than as a shareholder or (c) a source of income of the holder that constitutes income from miscellaneous activities will be taxed on the basis of a deemed return on income from savings and investments (*inkomen uit sparen en beleggen*). For the year 2018, this deemed return is calculated at a yield between 0.36% and 5.38% depending of the size of the holder's yield basis (*rendementsgrondslag*) at the beginning of the calendar year. This yield basis is determined

as the (Euro denominated) net fair market value of the assets and liabilities attributable to the source of income from savings and investments reduced with a certain tax free basis. The deemed return on income from savings and investments is taxed at a flat rate of 30% (in 2018).

If the income and gains from the Note or Coupon derived by a Dutch tax resident is attributable to (a) an enterprise of the holder, (b) an enterprise to whose profits the holder is entitled, or (c) to a source of income of the holder that constitutes income from miscellaneous activities such income and gains is subject to the income tax for individuals at rates up to a maximum rate of 51,95% (in 2018).

A holder of a Note or a Coupon will not become or be deemed to become a tax resident of The Netherlands solely by reason of the execution, delivery and/or enforcement of the documents relating to the issue of the Notes, the issue of the Notes or the performance by the Issuer of its obligations under the Notes.

- (C) No gift, or inheritance taxes will arise in The Netherlands in respect of the transfer or deemed transfer of a Note or a Coupon by way of a gift by, or on the death of, a holder who is not a resident or deemed resident of The Netherlands for the purpose of the relevant provisions, provided that (i) the transfer is not construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of The Netherlands for the purpose of the relevant provisions, and (ii) in the case of a gift of Notes or Coupons by an individual holder who at the date of the gift was neither resident nor deemed to be resident of The Netherlands, such individual holder does not die within 180 days after the date of the gift, while being resident or deemed to be resident of The Netherlands. For purposes of Dutch gift and inheritance tax, an individual who has the Dutch nationality will be deemed to be a resident of The Netherlands if he has been a resident of The Netherlands at any time during the 10 years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual will, irrespective of his nationality, be deemed to be resident of The Netherlands if he has been a resident of The Netherlands at any time during the 12 months preceding the date of the gift.
- (D) There will be no registration tax, customs duty, stamp duty, property transfer tax or any other similar tax or duty (other than court fees) due in The Netherlands in respect of or in connection with the issue, transfer and/or delivery of the Notes or Coupons or the execution, delivery and/or enforcement by legal proceedings of the Relevant Documents or the performance of the Issuer's obligations thereunder or under the Notes.
- (E) No value added tax will be due in The Netherlands in respect of payments in consideration of the issue of the Notes, and/or in respect of payments of interest and principal on a Note or Coupon, and/or in respect of the transfer of a Note or a Coupon, and/or in connection with the Relevant Documents or in connection with the arrangements contemplated thereby, other than value added tax on the fees payable for services which are not expressly exempt from VAT, such as management, administrative, notarial and similar activities, safekeeping of the Notes or the Coupons and the handling and verifying of documents.

#### *FOREIGN ACCOUNT TAX COMPLIANCE ACT*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated

as holding a "United States Account" of the relevant FFI (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime is in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of any Notes that are issued after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and The Netherlands have entered into an IGA based largely on the Model 1 IGA (the **US-Netherlands IGA**).

If the Issuer is treated as an FFI, the Issuer expects to be treated as a Reporting FI pursuant to the US-Netherlands IGA and does not anticipate being obliged to deduct any FATCA withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA withholding from payments it makes. If the Issuer becomes a Participating FFI, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, a Common Depository or a Common Safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding. However, definitive notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the US-Netherlands IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

*The proposed financial transactions tax (FTT)*

On 14 February 2013, the European Commission has published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate and on 16 March 2016 it completed the formalities required to leave the enhanced co-operation on FTT.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in a Dealer Agreement (such Dealer Agreement as modified and/or supplemented and/or restated from time to time, the **Dealer Agreement**) dated 20 June 2018 agreed with the Issuer and the Guarantors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Dealer Agreement, the Issuer (failing which, the Guarantors) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### **United States**

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified by the relevant Dealer or, in the case of an identifiable tranche sold to or through more than one Dealer, the relevant lead manager, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Prohibition of Sales to EEA Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

- (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive** or **IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive ; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State; and

the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for

the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered and sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **France**

Each of the Dealers and the Issuer has represented and agreed that:

#### **(a) Offer to the public in France**

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (AMF), on the date of such approval or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the Prospectus, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF.

#### **(b) Private placement in France**

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, and/or (c) a limited circle of investors (*cercle*

*restreint*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

## **The Netherlands**

### **(a) Offer to the public in The Netherlands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless this Prospectus has been completed by any supplement which it so requires and the applicable Final Terms in relation to the Notes, or the relevant Final Terms specify that this provision does not apply because the standard exemption wording required by Article 5:20(5) of the Wft is not applicable, it will not make an offer of Notes to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive (as defined above under "*Prohibition of Sales to EEA Retail Investors*" above) unless (i) such offer is made exclusively to persons or entities which are qualified investors (*gekwalificeerde beleggers*) as defined in the Wft or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Wft, **provided that** no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

### **(b) Zero Coupon Notes**

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or spaarbewijzen as defined in The Netherlands Savings Certificates Act or *Wet inzake spaarbewijzen*, the SCA) may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business and (iii) the issue and trading of such Notes if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantors, nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantors and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary), replaced (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); or (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**[MiFID II PRODUCT GOVERNANCE / TARGET MARKET – Professional investors and ECPs only target market:** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**Final Terms dated [•]**

### VESTEDA FINANCE B.V.

*(incorporated with limited liability in The Netherlands with its statutory seat in Amsterdam, The Netherlands)*

**Issuer Legal Entity Identifier (LEI): 72450072M9HBDGD2GH67**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €2,000,000,000 Guaranteed Euro Medium Term Note Programme**

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [•] 2018 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

Full information on the Issuer, the Guarantors and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental Base Prospectus] can be obtained by e-mail through [investorrelations@vesteda.com](mailto:investorrelations@vesteda.com) and will be published in electronic form on [http://www.vesteda.com/en/about-vesteda/investor relations/](http://www.vesteda.com/en/about-vesteda/investor%20relations/). Furthermore, copies of the Base Prospectus [and the supplemental Base Prospectus] will be available, free of charge, during normal office hours at the Issuer's head office, De Boelelaan 759, 1082 RS Amsterdam, The Netherlands.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, consideration should be given as to whether such terms or information constitute significant new factors and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive].*

- |    |        |  |  |
|----|--------|--|--|
| 1. | (i)    | Issuer:                                    | Vesteda Finance B.V.   |
|    | (ii)   | Guarantors:                                | Custodian Vesteda Fund I B.V.<br>Custodian Vesteda Fund III B.V.<br>Custodian Vesteda Fund IV B.V.   |
| 2. | [(i)   | Series Number:]                            | [ ]  |
|    | [(ii)  | Tranche Number:]                           | [ ]  |
|    | [(iii) | Date on which the Notes become fungible).] | [Not Applicable/The Notes shall be consolidated, form a single Series and be interchangeable for trading purposes with the <i>[insert description of the earlier Tranche]</i> on <i>[insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below [which is expected to occur on or about [insert date]]]</i> ].] |
| 3. |        | Specified Currency or Currencies:          | [ ]  |
| 4. |        | Aggregate Nominal Amount:                  | [ ]  |
|    | [(i)]  | [Series]:                                  | [ ]  |
|    | [(ii)  | Tranche:                                   | [ ]]   |
| 5. |        | Issue Price:                               | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ( <i>in the case of fungible issues only, if applicable</i> )]  |
| 6. | (i)    | Specified Denominations:                   | [ ]  |
- Where multiple denominations above EUR 100,000 (or equivalent) are being used the following sample wording should be followed: [EUR 100,000] (or the*

relevant higher denomination) and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000] (or twice the relevant higher denomination minus the smallest denomination). No Notes in definitive form will be issued with a denomination above [EUR 199,000] (or twice the relevant higher denomination minus the smallest denomination)'

- (ii) Calculation Amount: [ ] (If only one Specified Denomination, the Specified Denomination. If more than one Specified Denomination insert the largest common factor)
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [Issue Date / specify / Not Applicable (for Zero Coupon Notes)]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [• per cent. Fixed Rate]
- [Specify reference rate] +/- • per cent. Floating Rate  
[Zero Coupon]  
(further particulars specified below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount]
11. Change of Interest Basis: [Applicable/Not applicable][specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 and 15 below and specify there]
12. Put/Call Options: [Investor Put] / [Put Option – Change of Control]  
[Call Option]  
[Issuer Refinancing Call]  
[Make-whole Redemption]  
[Not Applicable]  
[(further particulars specified below)]
13. (i) Status of the Notes: Senior
- (ii) Status of the Guarantees: Senior
- [(iii)] [Date [Board] approval for issuance of Notes and Guarantees obtained: [ ] [and [ ], respectively  
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of

*Notes or related Guarantees]]*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ] in each year
  - (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
  - (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
  - (v) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360], [30E/360 or Eurobond Basis] [30E/360 (ISDA)]
  - (vi) Determination Dates: [•] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s) [ ], [subject to adjustment in accordance with the Business Day Convention specified in (iv) below] / [not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
  - (ii) Specified Period: [ ]
  - (iii) [First Interest Payment Date]: [ ]
  - (iv) Business Day Convention: [Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ FRN Convention / Floating Rate Convention / Eurodollar Convention][Not applicable]
  - (v) Additional Business Centre(s): [Not Applicable/give details]
  - (vi) Manner in which the Rate(s) of Interest [Screen Rate Determination/ISDA Determination]

is/are to be determined:

(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): *[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]*

(viii) Screen Rate Determination:

- Reference Rate: [• month LIBOR / EURIBOR]
- Interest Determination Date(s): [ ]
- Relevant Time: [ ]
- Relevant Screen Page: *[For example, Reuters LIBOR 01/ EURIBOR 01]*

(ix) ISDA Determination:

- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]
- ISDA Definitions [2000 ISDA Definitions / 2006 ISDA Definitions]

(x) Margin(s): [ +/- ] [ ] per cent. per annum

(xi) Minimum Rate of Interest: [ ] per cent. per annum

(xii) Maximum Rate of Interest: [ ] per cent. per annum

(xiii) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360], [30E/360 or Eurobond Basis] [30E/360 (ISDA)]

16. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Accrual Yield: [ ] per cent. per annum

(ii) Reference Price: [ ]

(iii) Day Count Fraction [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360], [30E/360 or Eurobond Basis] [30E/360 (ISDA)]

**PROVISIONS RELATING TO REDEMPTION**

17. **Call Option**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s) (Call): [ ]
- (ii) Optional Redemption Amount(s) [ ] per Calculation Amount (Call) of each Note and method, if any, of calculation of such amount(s):
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ] per Calculation Amount
  - (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period: [ ]

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

18. **Issuer Refinancing Call**

[Applicable / not applicable]

*(if not applicable delete the remaining sub-paragraphs of this paragraph)*

- (i) Date from which Issuer Refinancing Call may be exercised: [ ]  
*(insert date three months prior to Maturity Date of the Notes)*
- (ii) Notice period: [ ]

*(N.B. When setting notice periods, the Issuer will consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ] per Calculation Amount
  - (b) Maximum Redemption Amount: [ ] per Calculation Amount

19. **Make-whole Redemption**

[Applicable / Not Applicable]

*(if not applicable delete the remaining sub-paragraphs of this paragraph)*

- (i) Make-whole Redemption Date: [ ]

- (ii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iii) Notice period: [ ]  
*(N.B. When setting notice periods, the Issuer will consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*
- (iv) Parties to whom notice shall be given: [ ]  
*(N.B. Specify parties other than Fiscal Agent and Quotation Agent)*
- (v) Make-whole Redemption Margin [ ]
- (vi) Discounting basis [annual / semi-annual / quarterly]
- (vii) Quotation Agent [ ]
- (viii) Reference Dealers [ ]
- (ix) Reference Screen Rate [ ]
- (x) Reference Security [ ]
20. **Put Option** [Applicable/Applicable on Change of Control only /Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Put): [ ]
- (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period: [ ]  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.)*
21. **Final Redemption Amount of each Note** [ • ] [Par] per Calculation Amount
22. **Early Redemption Amount** [ • ] [Par] per Calculation Amount  
 Early Redemption Amount(s) per Calculation

Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- (N.B. The exchange on [•] days' notice/ at any time should not be expressed to be applicable if the Specified Denomination of the Notes in sub paragraph 6(i) includes language to the following effect: [EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes).*
- [Definitive Notes]
24. New Global Note: [Yes/No]
- (If No" is specified here ensure that Not Applicable" is specified for Eurosystem eligibility in the relevant paragraph of section 5 of Part B of the Final Terms and if Yes" is specified here ensure that the appropriate specification is made in respect of Eurosystem eligibility in the relevant paragraph of section 5 of Part B of the Final Terms.)*
25. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/Amsterdam/give details.
- Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraph 15 (v) relates]*

26. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. [Consolidation provisions: Not Applicable/The provisions [in Condition 17 (*Further Issues*)] [annexed to this Final Terms] apply]

**THIRD PARTY INFORMATION**

[(*Relevant third party information*) has been extracted from (*specify source*). [Each of the] [The] Issuer [and the Guarantors] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Vesteda Finance B.V.:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Euronext in Amsterdam / None]
- (ii) Admission to trading: [Application is has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext in Amsterdam with effect from [ ].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext in Amsterdam with effect from [ ].]  
[Not Applicable.]  
*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (iii) Estimated Total Expenses relating to admission to trading: [ ]

### 2. RATINGS

- Ratings: [The Notes to be issued [have been / are expected to be] rated:  
[S & P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]  
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*  
*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*  
*(Insert one (or more) of the following options, as applicable:)*  
*[(Insert full legal name of credit rating agency entity) is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended.]*  
*[(Insert full legal name of credit rating agency entity) is not established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended,*

although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority].]

*[(Insert full legal name of credit rating agency entity) is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended.]*

*[(Insert full legal name of credit rating agency entity) is not established in the EEA but the rating is has given to the Notes is endorsed by (insert full legal name of credit rating agency entity), which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended.]*

*[(Insert full legal name of credit rating agency entity) is not established in the EEA, but is certified under Regulation (EU) No 1060/2009, as amended.]*

*[(Insert full legal name of credit rating agency entity) is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended, and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]*

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

[Save for any fees payable to the [Managers]/[Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers]/[Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantors and their affiliates in the ordinary course of business.]/[Not Applicable] *(Amend as appropriate if there are other interests)*

*[(When adding any other description, consideration should be given as to whether such matters described constitute 'significant new factors' and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

4. **[REASONS FOR THE OFFER AND USE OF PROCEEDS]**

(i) Reasons for the offer:

[ ]

*(See section 'Use of Proceeds' wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.) (In case Green Bonds are issued, the category of*

*Green Projects must be specified)*

(ii) Use of Proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

5. **Fixed Rate Notes only – YIELD**

Indication of yield: [ ]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

6. **OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) [other relevant code]: [ ]

(iv) New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

(v) Any clearing system(s) other than Euroclear Bank SA/NV and [Not Applicable/give name(s) and number(s)[and address(es)]]

Clearstream Banking S.A. and the relevant identification number(s):

- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of initial Paying Agent(s): [•]
- (viii) Names and addresses of additional Paying Agent(s) (if any): [•]/[Not Applicable]

7. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers: [Not Applicable/*give names*]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- (iv) If non-syndicated, name and address of Dealer: [Not Applicable/*give name*]
- (v) U.S. Selling restrictions [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]

## GENERAL INFORMATION

- (1) Application may be made to Euronext for Notes issued under the Programme to be admitted to listing on Euronext Amsterdam. The listing of the Notes on Euronext Amsterdam will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to listing on Euronext Amsterdam will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note in respect of each Tranche. Prior to official listing and admission to trading, however, dealings may be permitted by Euronext in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may also be issued pursuant to the Programme.
- (2) The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the establishment of the Programme and the Guarantees. The establishment of the Programme was authorised by resolutions of the management board of the Issuer passed on 2 July 2014 and the giving of the Guarantees by the Guarantors was authorised by resolutions of the management board of each Guarantor passed on 2 July 2014 and 29 April 2015, respectively. The most recent update of the Programme was authorised by resolutions of the management board of the Issuer passed on 12 June 2018 and by resolutions of the management board of each Guarantor passed on 12 June 2018.
- (3) The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (4) There has been no significant change in the financial or trading position of the Issuer or of the Fund since 31 December 2017 and no material adverse change in the prospects of the Issuer or of the Fund since 31 December 2017.
- (5) Each Note (other than Temporary Global Notes) where TEFRA D is specified in the applicable Final Terms and its corresponding Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.  
  
The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (7) There are no material contracts entered into other than in the ordinary course of the Issuer’s and the Guarantors’ business, which could result in any entity of the Fund being under an obligation or entitlement that is material to the Issuer’s and the Guarantors’ ability to meet their respective obligations to Noteholders in respect of the Notes being issued.

- (8) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer and the Guarantors are aware and are able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (10) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Issuer and in relation to (vi) and (vii), also on the Issuer's website:
- (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons and the Talons);
  - (ii) the Deed of Guarantee;
  - (iii) the articles of association (*statuten*) of the Issuer and the Guarantors and the English translations thereof;
  - (iv) the audited non-consolidated annual financial statements of the Issuer for the year ended 31 December 2016 and 31 December 2017, respectively, the audited non-consolidated annual financial statements of each of the Guarantors for the year ended 31 December 2016 and 31 December 2017, respectively, and audited consolidated annual financial statements of the Fund for the year ended 31 December 2016 and 31 December 2017, respectively;
  - (v) the most recently available published audited annual financial statements of the Issuer and the Guarantors and the most recently available published interim financial statements of the Issuer and the Guarantors (if any);
  - (vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);
  - (vii) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and
  - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.
- (11) The audited financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017, the audited financial statements of the Guarantors for the financial years ended 31 December 2016 and 31 December 2017 and the audited consolidated financial statements of the Fund for the financial year ended financial years ended 31 December 2016 and 31 December 2017, in each case incorporated by reference into this Prospectus, were audited by Deloitte Accountants B.V., independent auditors, as stated in its reports thereon appearing in the accounts incorporated by reference.

- (12) Each of the independent auditor's reports for 2016 and 2017 is unqualified. The auditor of the Issuer, the Guarantors and the Fund is independent of the Issuer, the Guarantors and the Fund.
- (13) The address of Deloitte is Gustav Mahlerlaan 2970, 1081 LA Amsterdam, The Netherlands. The auditor, who signs on behalf of Deloitte, is a member of The Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).
- (14) Deloitte has given, and has not withdrawn, its consent to the inclusion or incorporation by reference of its reports in this Prospectus in the form and context in which they are included.

## GLOSSARY

In this Prospectus, Vesteda uses the following unaudited financial measures in the analysis of its business and financial position, which Vesteda considers to constitute Alternative Performance Measures for the purposes of the ESMA Guidelines on Alternative Performance Measures. These unaudited financial measures are not calculated in accordance with IFRS. Accordingly, they should not be considered as alternatives to “results from operating activities” or “profits” as indicators of Vesteda's performance. However, Vesteda believes that these unaudited financial measures are commonly used by investors and as such useful for disclosure. The presentation of these unaudited financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

<b>Debt capital</b>	The calculation of debt capital is based on adding unamortised issuing costs to the carrying amount of interest-bearing loans and borrowings (reference is made to page 114 of the 2017 Fund Annual Accounts (see line items “ <i>Unamortised issuing costs</i> ” and “ <i>Carrying amount of interest-bearing loans and borrowings</i> ”)).
<b>EBITDA (solely as used on p. 89)</b>	The calculation of EBITDA is based on earnings before financial results, taxes, depreciation, amortisation, result on projects in progress and result on property sales (reference is made to pages 86 and 89 of the 2017 Fund Annual Accounts (see line item “ <i>Realised result before tax</i> ” and line items “ <i>Depreciation of property, plant and equipment</i> ”, “ <i>Financial results</i> ” “ <i>Result on projects in progress</i> ” and “ <i>Result on property sales</i> ” which are to be added back or to be deducted from ‘Realised result before tax’)).
<b>Gross/net ratio</b>	The calculation of gross/net ratio is based on the percentage of property operating expenses (reference is made to page 86 of the 2017 Fund Annual Accounts (see line item “ <i>Property operating expenses (excluding service charges)</i> ”) plus net service charges relative to gross rental income (reference is made to page 86 of the 2017 Fund Annual Accounts (see line item “ <i>Property operating expenses (excluding service charges)</i> ”).
<b>Gross Initial Yield</b>	The calculation of Gross Initial Yield is based on theoretical rent (on a given reference date) receivable on the portfolio (reference is made to page 100 of the 2017 Fund Annual Accounts (see line item “ <i>Theoretical rent</i> ”) as a percentage of the value of the investment property (reference is made to page 87 of the 2017 Fund Annual Accounts (see line item “ <i>Investment property</i> ”).
<b>Gross/net ratio landlord excl landlord levy</b>	The calculation of gross/net ratio landlord excl landlord levy is based on the calculation of gross/net ratio where landlord levy (reference is made to page 100 of the 2017 Fund Annual Accounts (see line item “ <i>Landlord levy</i> ”) is excluded from property operating expenses.
<b>ICR</b>	The calculation of ICR (Interest Cover Ratio) is based on dividing EBITDA by interest expenses (reference is made to page 101 of the 2017 Fund Annual Accounts (see line item “ <i>Interest expenses</i> ”).
<b>Leverage</b>	The calculation of leverage is based on aggregate debt capital (reference is made to page 113 of the 2017 Fund Annual Accounts (see line item “ <i>Interest-bearing loans and borrowings</i> ”) as a percentage of total assets

(reference is made to page 87 of the 2017 Fund Annual Accounts (see line item “*Total assets*”)).

**LTV (loan to value)**

The calculation of LTV (loan to value) is based on the aggregate debt capital (reference is made to page 113 of the 2017 Fund Annual Accounts (see line item “*Interest-bearing loans and borrowings*”)) as a percentage of the value of the Fund’s investment portfolio (reference is made to page 87 of the 2017 Fund Annual Accounts (see line items “*Investment property*” and “*Investment property under construction*”)).

**Loss of rent %**

The calculation of Loss of rent % is based on loss of rent (reference is made to page 100 of the 2017 Fund Annual Accounts (see line item “*Loss of rent*”)) as a percentage of theoretical rent portfolio (reference is made to page 100 of the 2017 Fund Annual Accounts (see line item “*Theoretical rent*”)).

**Net rental income (% value portfolio at start of the year)**

The calculation of Net rental income (% value portfolio at start of the year) is based on net rental income (reference is made to page 86 of the 2017 Fund Annual Accounts (see line item “*Net rental income*”)) as a percentage of the opening value of the investment property (reference is made to page 87 of the 2017 Fund Annual Accounts (see line item “*Investment property*”)).

**Net service charges**

The calculation of net service charges is based on service charge income (reference is made to page 127 of the 2017 Fund Annual Accounts (see line item “*Service charge income*”)) minus service charges (reference is made to page 127 of the 2017 Fund Annual Accounts (see line item “*Service charges*”)).

**Realised return**

The calculation of Realised return is based on realised result before tax (reference is made to page 86 of the 2017 Fund Annual Accounts (see line item “*Realised result before tax*”)) as a percentage of opening equity (reference is made to page 87 of the 2017 Fund Annual Accounts (see line item “*Group Equity*”)).

**Return on equity (ROE)**

The calculation of Return on equity (ROE) is based on the amount of total comprehensive income (reference is made to page 86 of the 2017 Fund Annual Accounts (see line item “*Total comprehensive income*”)) as a percentage of opening equity (reference is made to page 87 of the 2017 Fund Annual Accounts (see line item “*Group Equity*”)).

**TER**

The calculation of TER (Total Expense Ratio) is based on management expenses (reference is made to page 127 of the 2017 Fund Annual Accounts (see line item “*Management expenses*”)) as a percentage of weighted average INREV gross asset value (which is calculated by dividing the INREV total assets at the previous two financial year-end by two (reference is made to page 128 of the 2017 Fund Annual Accounts (see line item “*Total Assets*”))).

**Total return**

The calculation of Total return is based on Realised return aggregated with

Unrealised return.

**Unrealised return**

The calculation of Unrealised return is based on unrealised result (reference is made to page 86 of the 2017 Fund Annual Accounts (see line item “*Realised result before tax*”)) as a percentage of opening equity (reference is made to page 87 of the 2017 Fund Annual Accounts (see line item “*Group Equity*”)).

**REGISTERED OFFICE OF THE ISSUER**

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