

Vesteda Residential Fund

Investor Presentation

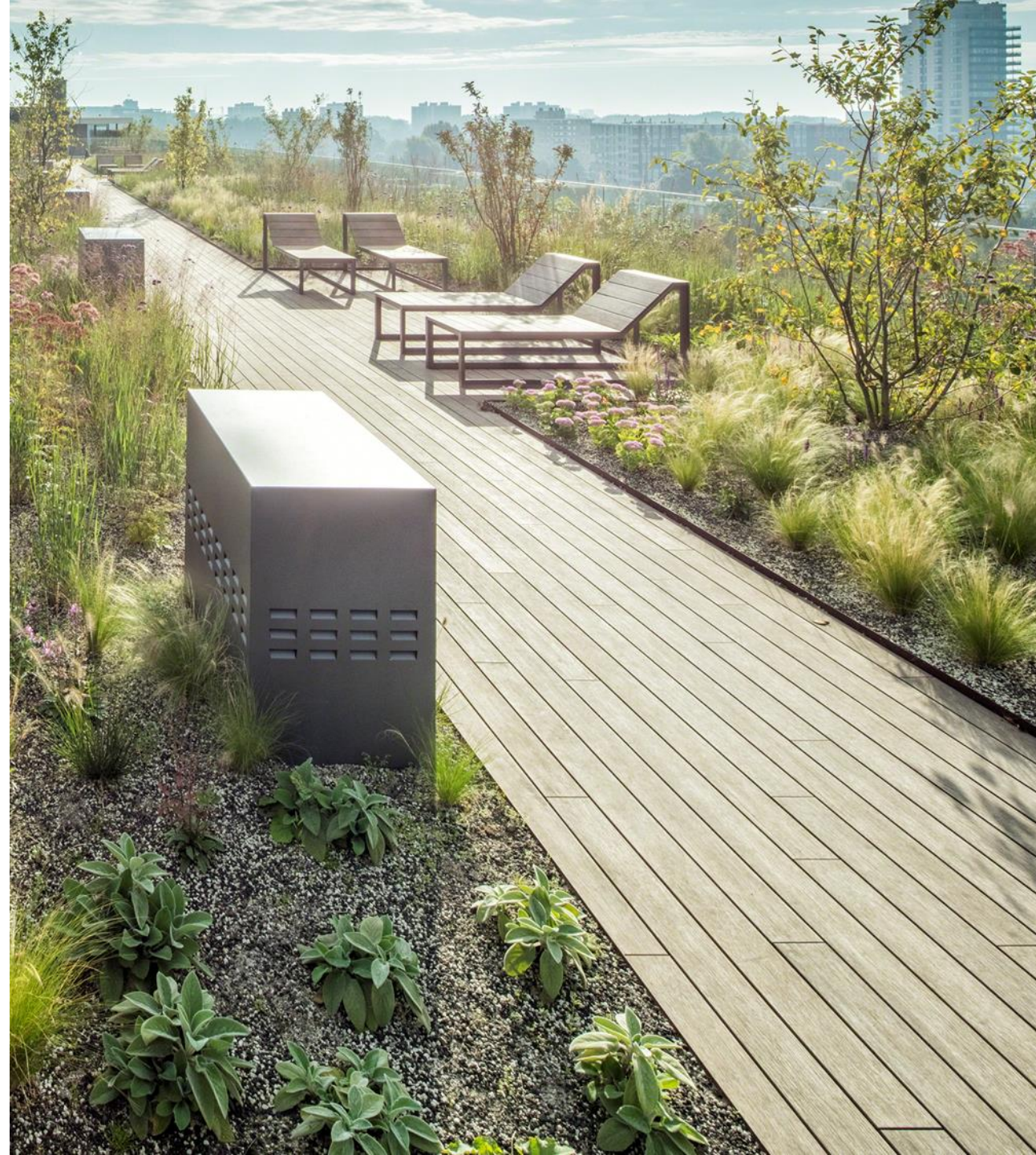


April 2021

De Boel, Amsterdam

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**Vesteda at a
glance**

Vesteda is the leading Dutch residential investment fund...

Introduction

- Vesteda is a service-oriented institutional residential investor with a large and varied portfolio of homes in attractive neighbourhoods (core) in the Netherlands.
- With a portfolio of 27,482 residential units, Vesteda is the largest Dutch independent institutional residential investor. Vesteda is internally managed by 1 internal team.
- Focus on the mid-rental segment with monthly rents between €752 and approximately €1,200, is cost-efficient and has in-house property management.
- Focus on improving the quality and sustainability of our portfolio to ensure the stable growth of rental income and MSCI outperformance.



Dutch residential
rental market



Mid-rental sector



Primary regions

Key characteristics (2020 figures)

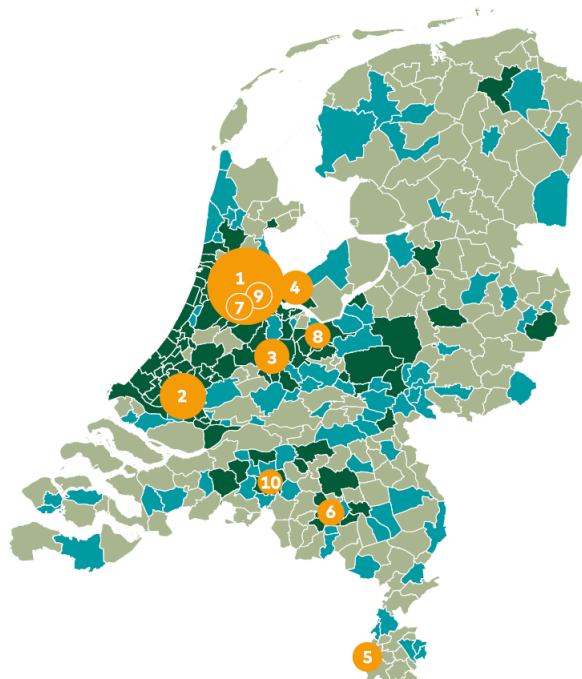
1 Fund	27,482 Residential units	1.243 Committed pipeline	€8.2 bln Investment portfolio value
€335 mln Gross rental income	97.5% Occupancy rate	4.4% Gross initial yield	7.6% Total return
Five Star GRESB score, #3 ranking	A- S&P credit rating (upgraded April 2021)	23.1% Leverage	32 bps TER

...positioned in the primary regions and focused on the mid-rental segment

Portfolio distribution (value at year-end 2020)

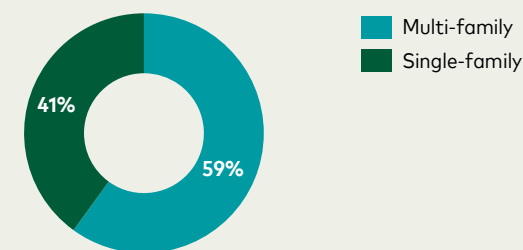
		€ million	% of total portfolio
1.	Amsterdam	1,814	23%
2.	Rotterdam	647	8%
3.	Utrecht	370	5%
4.	Almere	354	4%
5.	Maastricht	266	3%
6.	Eindhoven	215	3%
7.	Amstelveen	202	3%
8.	Amersfoort	197	2%
9.	Diemen	196	2%
10.	Tilburg	185	2%

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



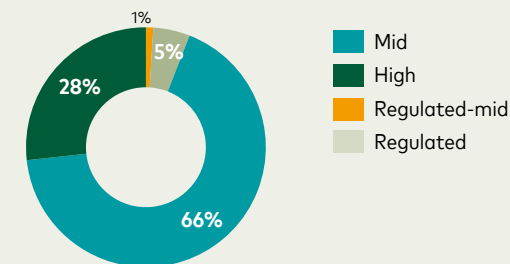
Note: Primary regions are regions that offer the highest market potential for the non-regulated rental sector. These regions are characterised by a high market potential and low market risks. Secondary regions have a lower score than primary regions but have a positive economic and demographic outlook.

Portfolio by type of residential unit



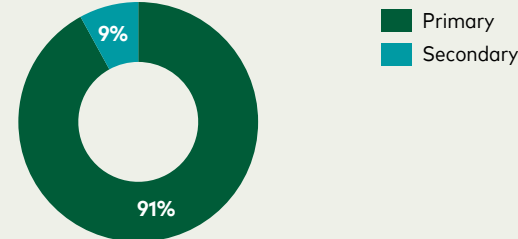
Good balance of multi-family and single-family homes

Portfolio by rental segments



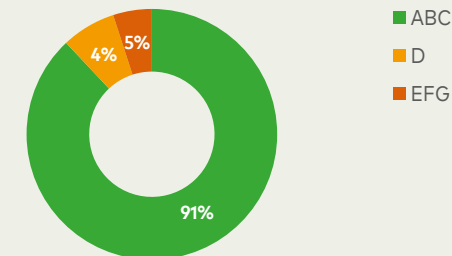
Clear focus on the mid-rental segment

Portfolio by region



Strong focus on Primary regions

Energy labels



Ambitious CSSR targets

Portfolio snapshot



**Almere
Kruidenwijk**



**Amsterdam
Olympiaplein**



**Assen
Diepstroeten**



**Breda
Nieuw Vredenberg**



**Gorinchem
Hoog Dalem**



**Leiden
Alpha**



**Rotterdam
Wilhelminapier**



**Zutphen
Noorderhaven**

Mission, vision and core values

Our mission

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

Our vision

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

Our core values

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



Service-oriented

Ambitious

Entrepreneurial




Trusting

Cooperative

Our strategic ambitions & targets



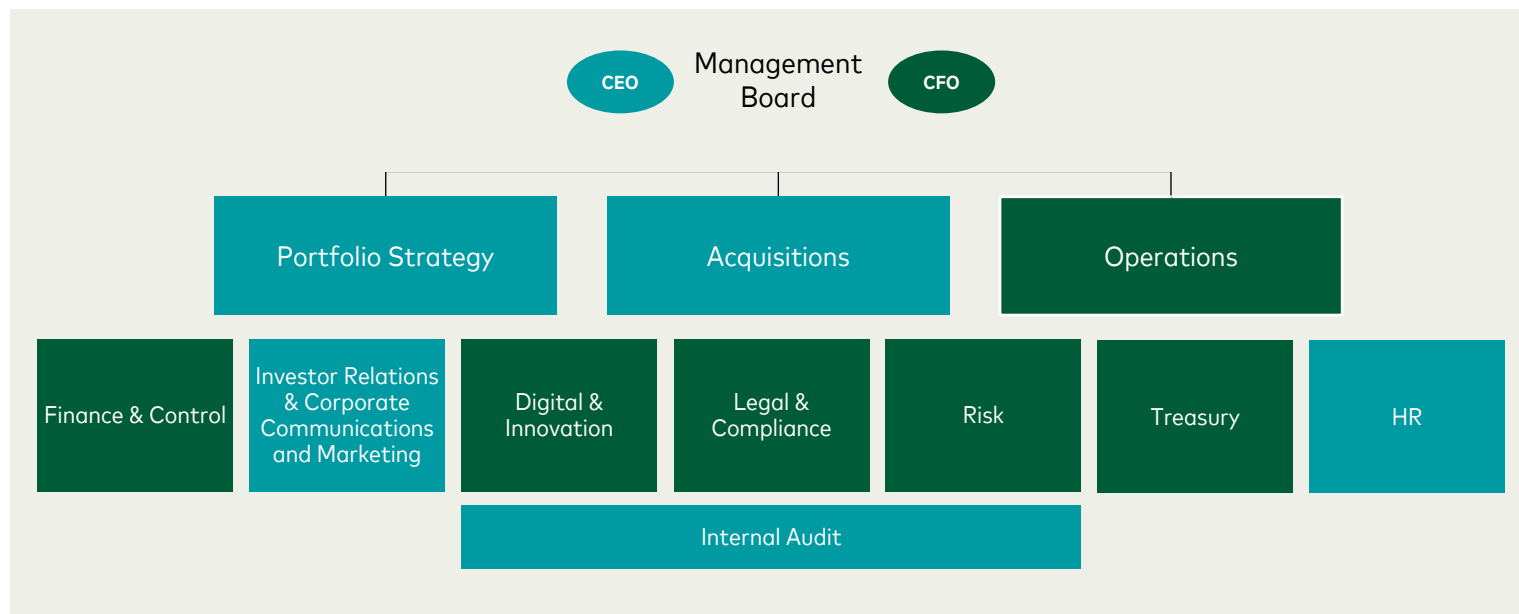
Targets

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



**To become the
best landlord in
the Netherlands**

Experienced management team



Supervisory Committee

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

1. NomRem = Nomination and Remuneration

Management Team



Gertjan van der Baan – CEO

Appointed in 2014

Previous experience: CEO Van Herk Groep



Astrid Schlüter – COO

Appointed in 2013

Previous experience: Jacobus Recourt



Laura Keijer – Director HR

Appointed in 2020

Previous experience: PVH Corp.



Frits Vervoort – CFO

Appointed in 2016

Previous experience: Grontmij, Vedior



Pieter Knauff – CIO

Appointed in 2015

Previous experience: Van Herk Groep

Summary – Investment highlights

Strong corporate profile	<ul style="list-style-type: none">▪ Largest Dutch independent institutional residential investor fund.▪ Experienced management team.▪ GRESB score: five out of five stars with #3 ranking in the Netherlands (top 20% performers globally).▪ 91% of Vesteda's homes have a green energy label (A, B and C).▪ Broad institutional investor base with a long-term horizon.
Market developments	<ul style="list-style-type: none">▪ Structural housing shortage expected to continue.▪ Low interest rates and inflation, strong investor demand and limited supply supports a strong price fundament.▪ Current demand in the mid-rental market segment is still high, despite the current COVID-19 pandemic.▪ COVID-19 impacts economic growth in 2020, but a recovery is expected in 2021.▪ Vesteda's acquisition strategy is well positioned for a downturn.
Delivering on asset strategy	<ul style="list-style-type: none">▪ Strong position in defined market: Dutch mid-rental segment in urban areas with dynamic economic activity & favourable trends.▪ High quality and diversified portfolio with low vacancy rates.▪ Solid and predictable returns through pro-active cost-efficient in-house property management.▪ Economies of scale resulting in low overhead costs.
Delivering on funding strategy	<ul style="list-style-type: none">▪ Successful execution of funding strategy with clearly defined targets.▪ Low leverage profile and strong investment grade A-/stable credit rating from Standard & Poor's (upgraded April 2021).▪ Well-diversified senior unsecured debt funding structure with decreasing cost of debt.▪ Significant headroom under covenants.



De Goudsbloem, Den Bosch

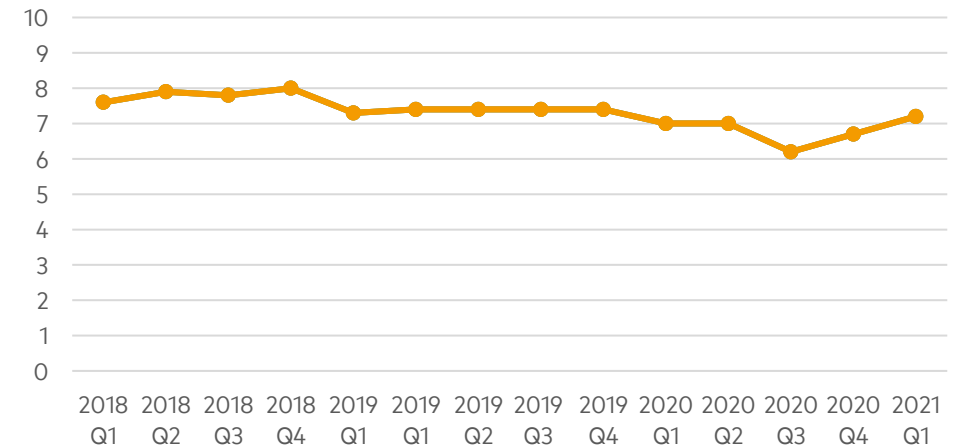


**Dutch residential
market**

The HMI recovers to 7.2; Dutch economic rescue package seems to work

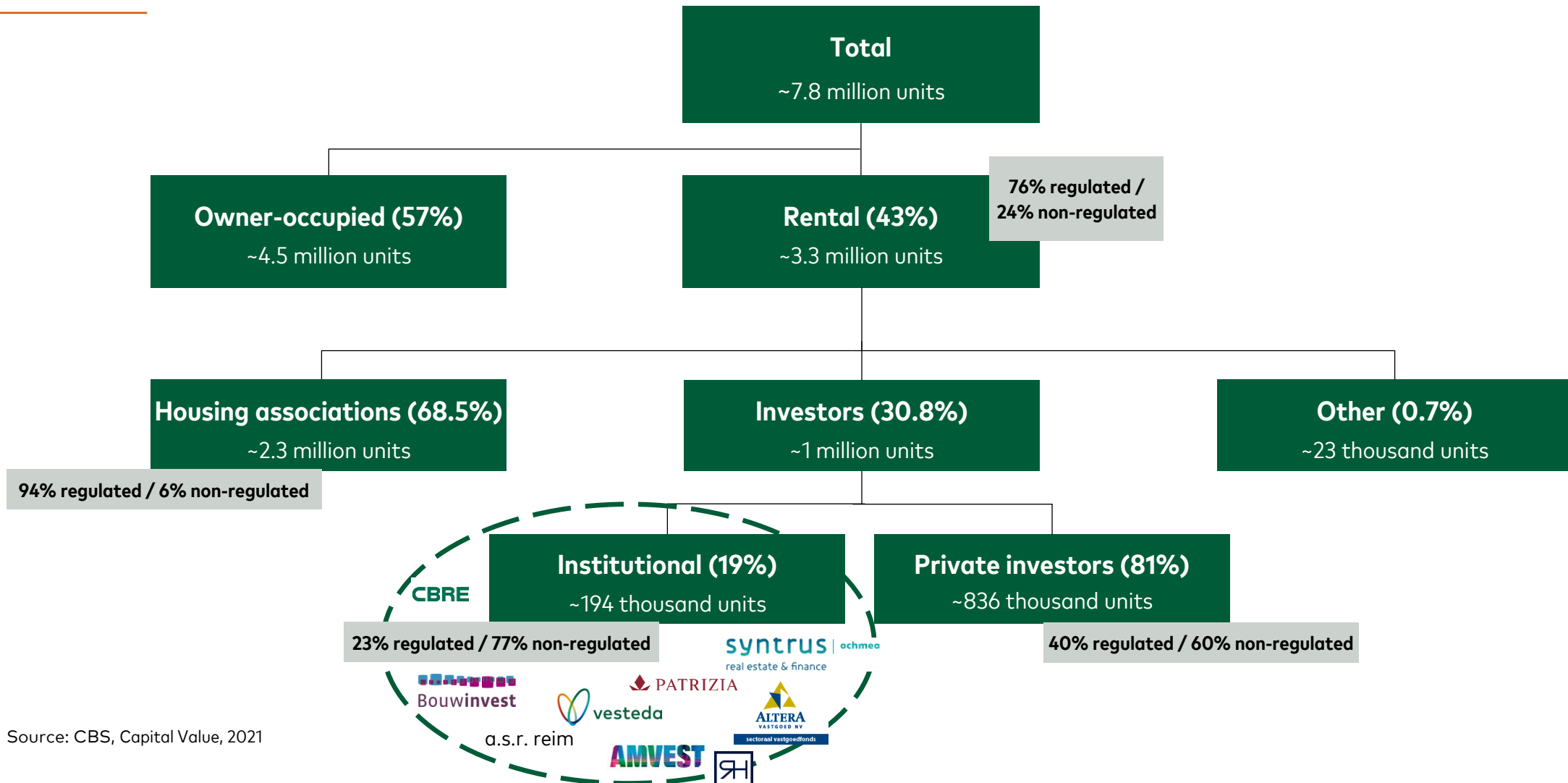
- The Housing Market Indicator recovers to 7.2 in Q1 2021¹ coming from 6.7 in Q4.
- The increase is mainly caused by the economic drivers: inflation picking up again to 1.9% and the unemployment rate being very low at 3.6%.
- There is also a significant improvement on the sustainability drivers. CO2 emissions dropped massively in the last year, which is mainly caused by the effects of Covid-19, and the production of renewable energy increased.
- Meanwhile on the housing market, price levels on owner-occupier and rental market are still rising, mainly as a result of the enormous scarcity. Only the high rental segment is showing an easing trend on the demand side.
- Although the negative rating on the consumer side indicates that the recovery is still fragile, the outlook is positive. CPB (Netherlands Bureau for Economic Policy Analysis) foresees an increase in GDP of 2.2% for 2021 and 3.5% in 2022. Furthermore, the Dutch leading banks expect an increase of house prices of approx. 7.5% in 2021.

Vesteda Housing Market Indicator*, 2018-2021



* The Housing Market Indicator is made by Vesteda and provides an overview of the Dutch housing market from a residential investor's perspective. More information on www.vestedamarketwatch.com

Vesteda operates in a strong but competitive market



Source: CBS, Capital Value, 2021



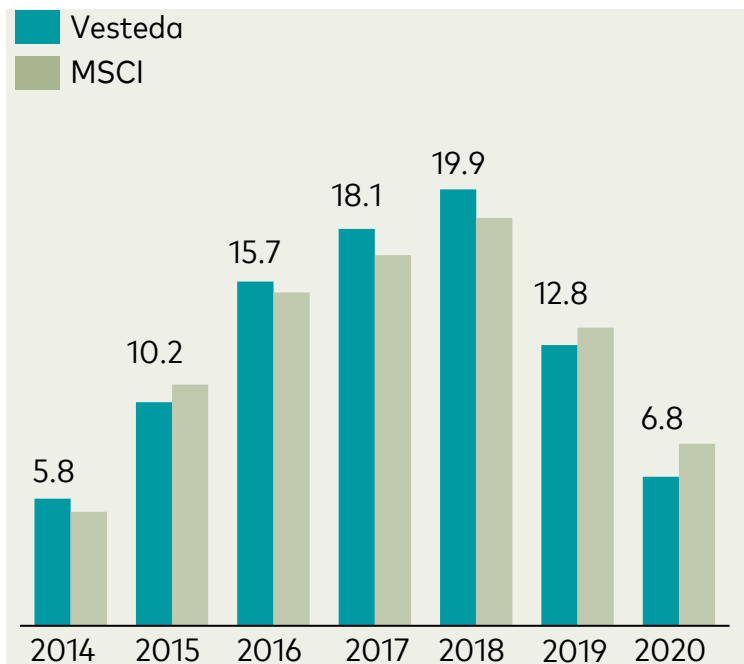
Dokter Hanegraaffhofke, Rosmalen



**Vesteda
performance**

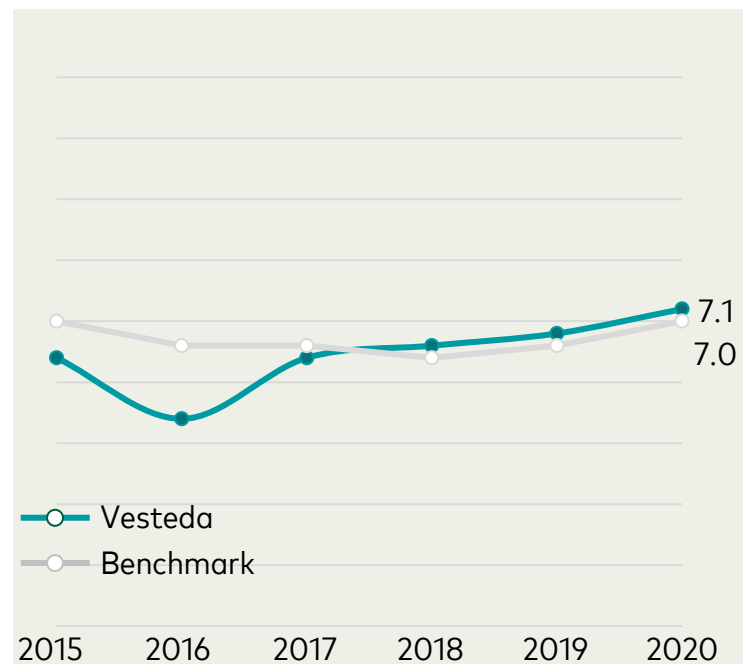
Focus on affordability of living and tenant satisfaction while maintaining a good return

Total return performance¹ (%)



Target:
Outperform the MSCI-benchmark

Tenant satisfaction²



Target:
Outperform the IVBN-benchmark

Statement

- Affordability of housing is under pressure for many households. Vesteda considers it our social responsibility to:
 - Invest in the mid-rental segment (including regulated mid-market rental segment).
 - Voluntarily cap the annual rent increase.
 - Proactive tenant communication about housing costs.
 - Have extra attention for keyworkers.
- Thanks to our active portfolio management and competitive expense ratios, we can combine affordability with a good return.

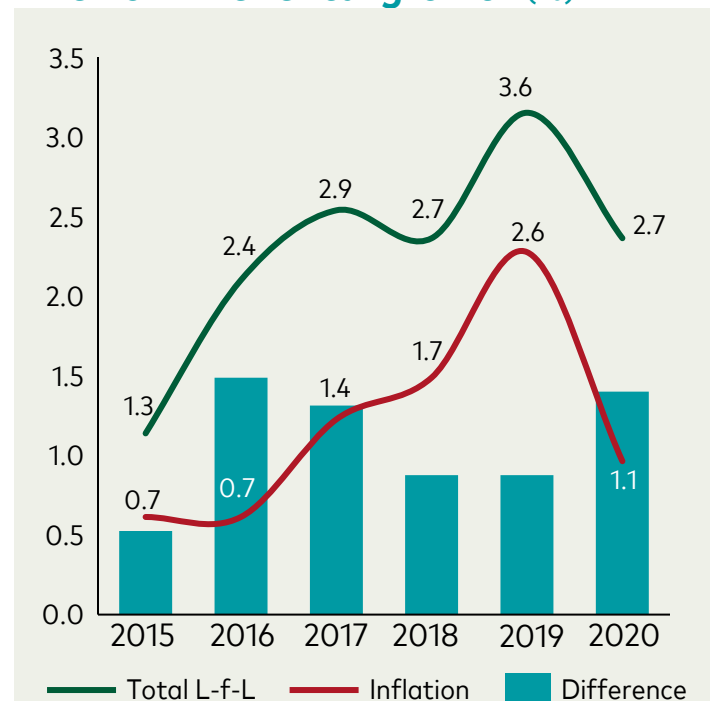
1. Returns on annual basis and in accordance with MSCI standards excluding leverage from debt financing.

2. Tenant satisfaction Vesteda and IVBN-benchmark researched by Customeyes

Vesteda provides added value through our internal property management, ...

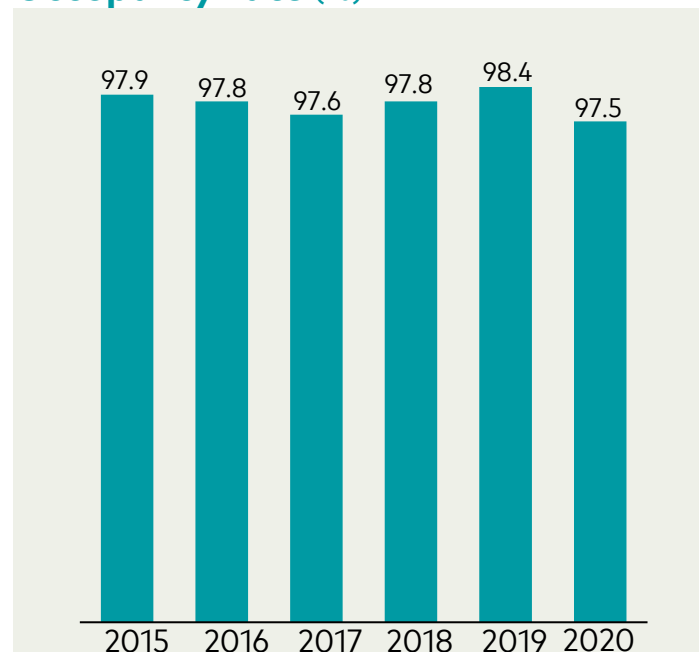


Like-for-Like rental growth (%)



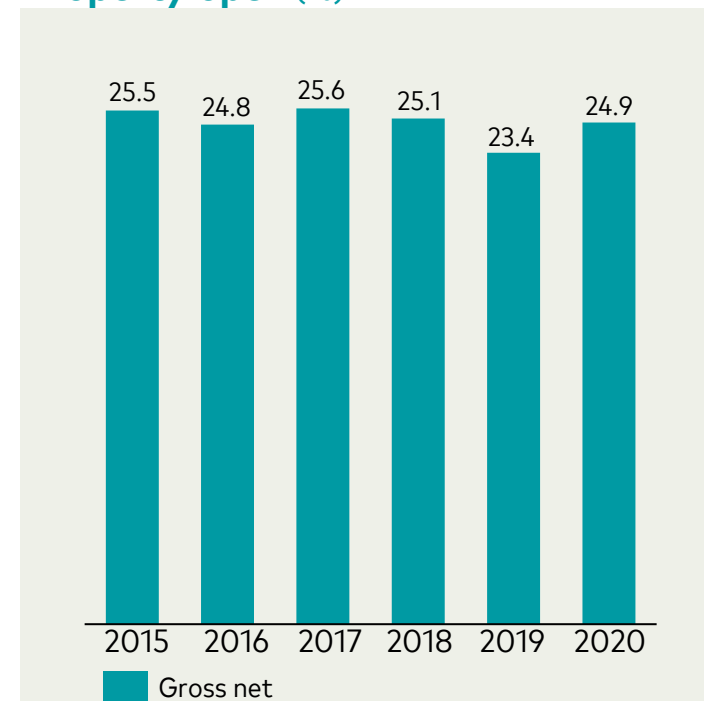
Solid like-for-like rental growth, consistently outperforming inflation

Occupancy rate (%)



Vesteda has a high and constant occupancy rate

Property opex (%)

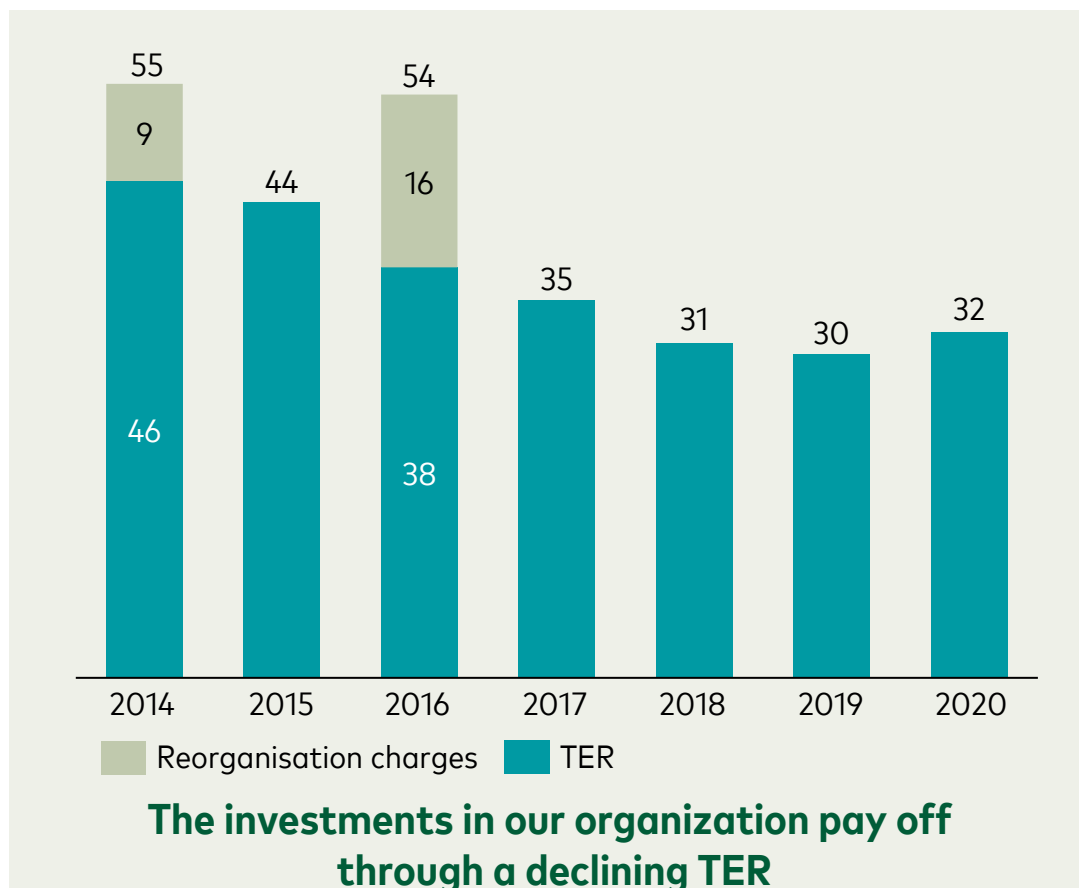


Consistently low and efficient operating costs

..., and at very low cost ratios through internal fund management



Total Expense Ratio (bps of GAV)



Statement

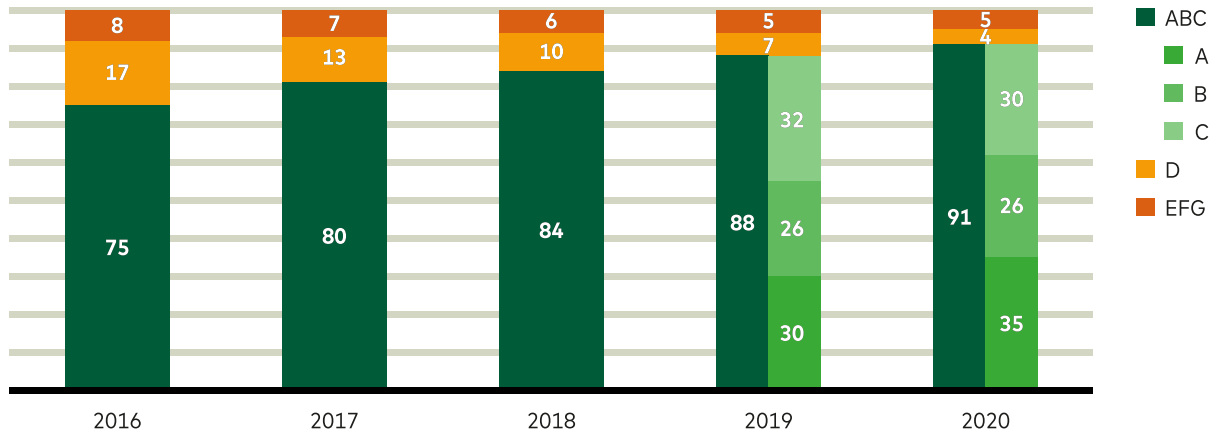
- Our internal management structure for both property and asset management enables us to:
 - Work without management or performance fees.
 - Not have conflicting mandates or interests.
 - Be close to the market, our portfolio and our tenants.
 - Achieve economies of scale on our purchasing.
 - Make acquisitions without additional overhead.
- Our rental, acquisition, strategy, technical and research teams benefit from each other's knowledge.
- Vesteda manages at cost price, which means that a larger scale translates directly into lower costs and higher returns for our participants.
 - The fund's management cost target is ≤ 35 bps of GAV.

CSSR is vitally important for the long-term value development of our portfolio

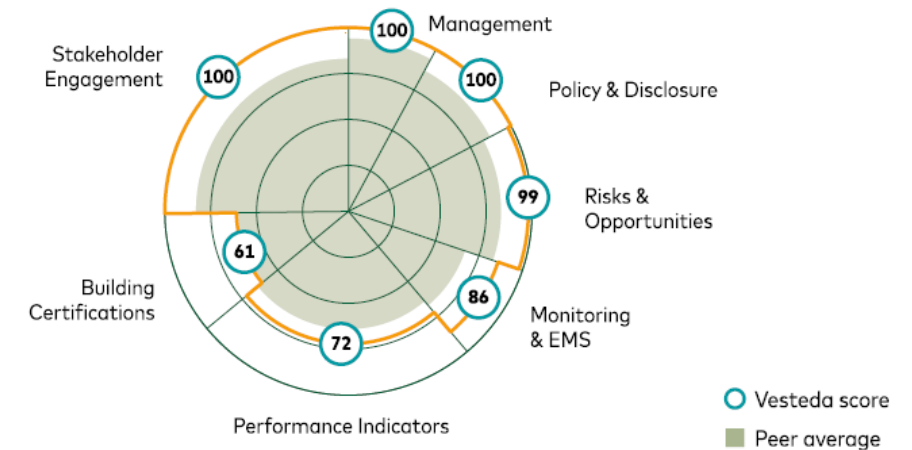


- In 2020, invested €6.8 million to improve the energy performance of 2,756 residential units.
- Our ambition for the future is to have green energy labels (A, B or C) for 99% of our portfolio by 2024.
- We were awarded a five-star GRESB; ranked 3rd out of 75 in European residential real estate.

Energy labels 2016-2020 (%)



GRESB score 2020



Vesteda has a dynamic portfolio policy



Recent acquisitions



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



- Westerwal, Groningen
- 171 multi-family houses



- The Ox, Amsterdam
- 168 multi-family houses



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



- Willemsbuiten, Tilburg
- 42 single-family houses



- Punt Sniep, Diemen
- 202 multi-family houses



- Goudshof, Gouda
- 72 multi-family houses



- Tetem III, Enschede
- 110 multi-family houses

Disposals



- Delta Loyd
- Portfolio
- Ca. 6800 houses



- Urban Core (**disposal**)
- Portfolio
- Ca. 1900 houses



- Eagle (**disposal**)
- Portfolio
- Ca. 940 houses



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



De Toren van Hoorn, Hoorn



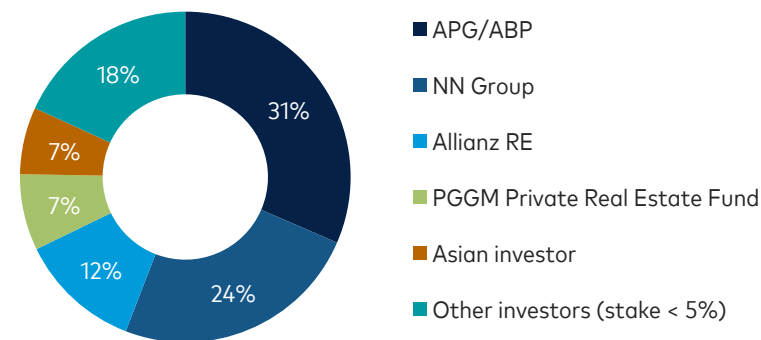
Capital structure

Strong and supportive investor base

Broad institutional investor base

- Vesteda has one single share class: participation rights.
- Dutch and international investor base comprising of institutional investors participating in the fund via 19 entities.
- In 2015, two new leading international investors joined Vesteda (€600 million equity raised of which €185 million committed).
- In 2017, €280 million equity raised (€185 million commitment 2015 and €95 million additional).
- In 2018, €1,080 million equity raised related to the acquisition of the former Delta Lloyd portfolio from NN Group, for the most part a bricks for shares transaction.
- Stichting Pensioenfondsen ING and VCRF Holding BV entered the fund in February and March 2019 respectively through secondary transactions with NN Group.
- Euler Hermes SA entered the fund in December 2019 respectively through a secondary transaction ASR.
- Vonovia entered the fund in June 2020 respectively through secondary transactions with ASR and APG.

Ownership distribution (year-end 2020)



Solid funding structure

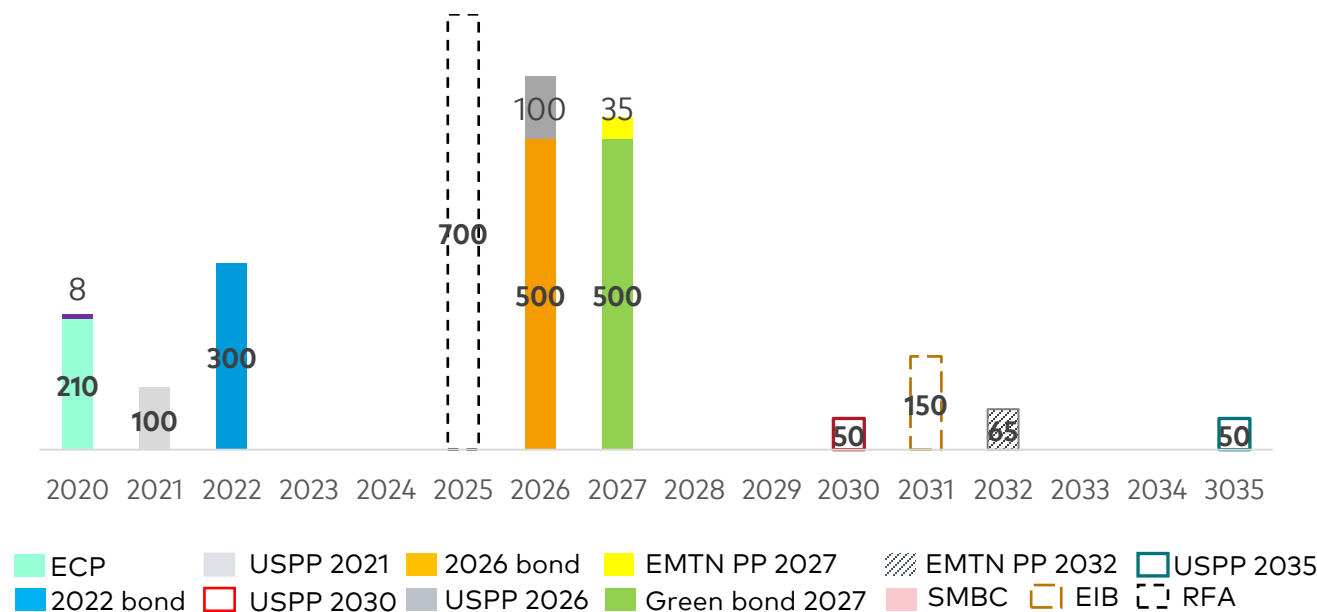
Instrument maturity overview (€ million, year-end 2020)

	Size	Drawn	Weight	Maturity	Tenor
Committed debt instrument					
EIB facility	150	0	0.0%	2030	10.0 yr
AIG USPP 1.38%	50	50	2.6%	2035	15.0 yr
NYL USPP 1.03%	50	50	2.6%	2030	10.0 yr
EMTN PP 1.93%	35	35	1.8%	2027	7.0 yr
EMTN PP 2.50%	65	65	3.4%	2032	12.0 yr
Pricoa USPP 3.18%	100	100	5.2%	2021	0.4 yr
Pricoa USPP 1.8%	100	100	5.2%	2026	6.0 yr
Syndicated RFA	700	0	0.0%	2025	4.4 yr
Bond 2.50%	300	300	15.6%	2022	1.8 yr
Bond 2.00%	500	500	26.1%	2026	5.5 yr
Green Bond 1.50%	500	500	26.1%	2027	6.4 yr
Total	2,550	1,700			4.9 yr
Uncommitted debt instrument					
SMBC Uncommitted Facility	200	8	0.4%		0.5 yr
Euro Commercial Paper	1,000	210	10.9%		0.1 yr
Total	1,200	218			

Funding position (year-end 2020)

- Well diversified, fully unsecured funding structure, with 89% fixed rate debt, and an average cost of debt of 1.9%.
- Ample headroom in the LTV and ICR covenants (LTV at 23.2% with a covenant of maximum 50%, and an ICR at 6.5 versus a covenant minimum of 2.0).

Debt maturity schedule (€ million, year-end 2020)

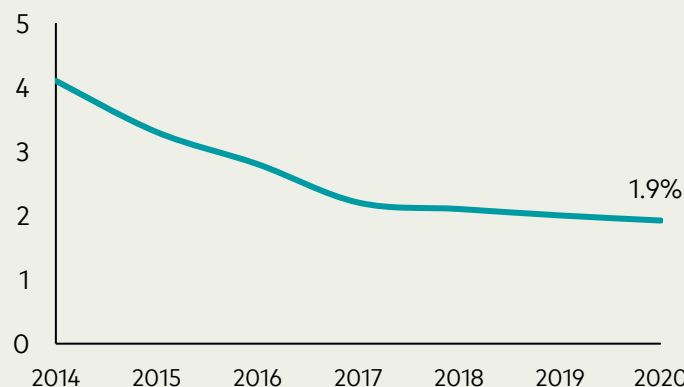


- The weighted average maturity is 4.9 years with the next debt redemption of €100 million is scheduled in May 2021.
- Strong liquidity position as drawn debt amount to €1.9 billion whereas committed and uncommitted facilities combined amount to €3.75 billion.
- Standard & Poor's rating was upgraded to A-/ Stable Outlook (April 2021).

Provide a robust funding structure with low leverage and low cost of largely fixed-rate debt.



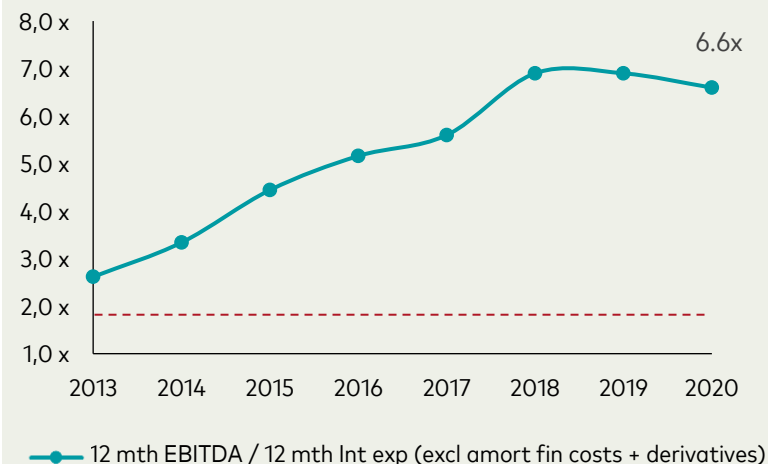
Average cost of debt Q4 2020 (%)



Note: Average cost of debt includes amortisation of finance costs and derivatives costs.

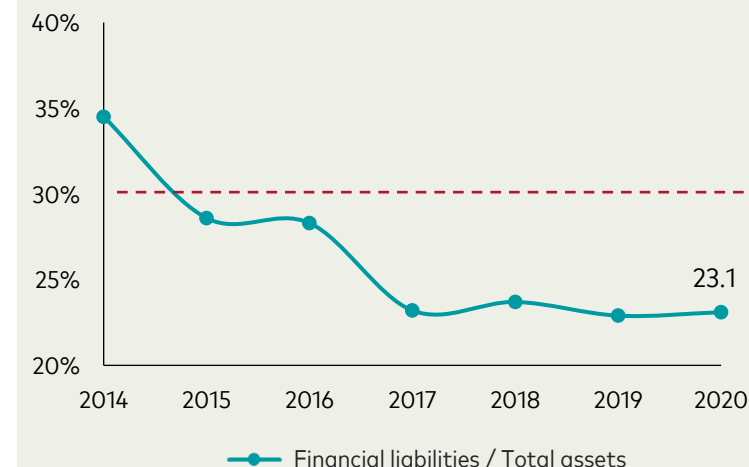
Vesteda is always looking to further optimise its average cost of debt

Interest Cover Ratio – well above minimum of 1.8x



Vesteda has ample headroom in the ICR covenants

Leverage at Q4 2020 (%) – well below 30% threshold



Vesteda has a conservative level of debt leverage

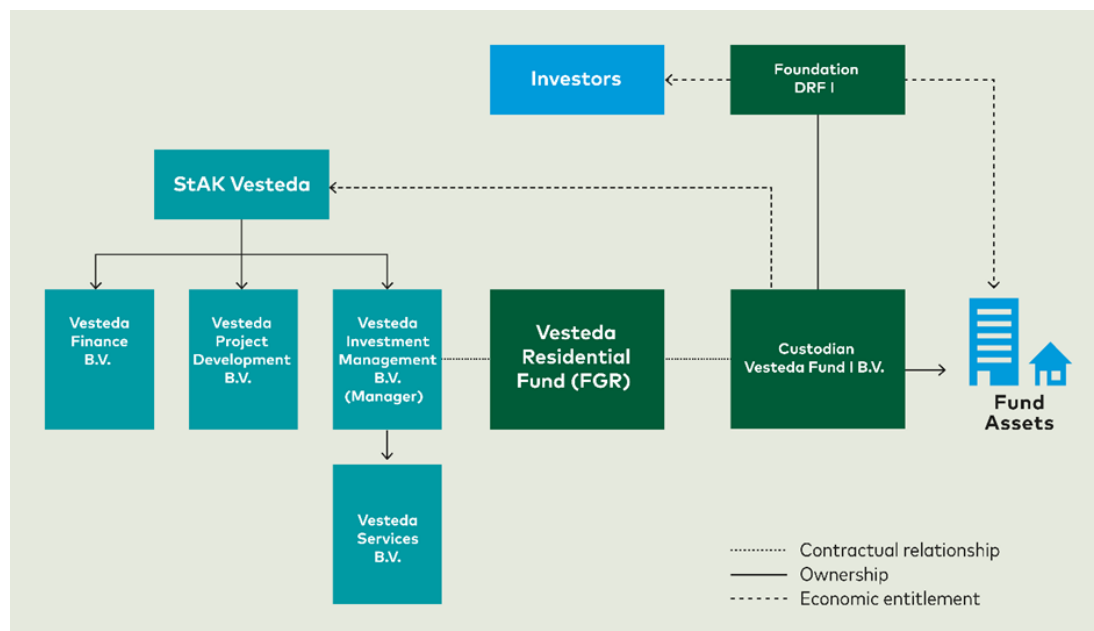


Governance

One dedicated fund with a transparent legal/ownership structure



Legal structure



Vesteda: everything under one roof

Participants own the residential portfolio by means of Vesteda Residential Fund (VRF).

VRF is a tax-transparent Fund for the Joint Account of the Participants.

VRF's participations are divided in a single share class with equal rights.

VRF owns the managing entities of the portfolio.

Vesteda Investment Management (VIM) is responsible for day-to-day investment- and property management.

Participants' rights and obligations in respect of the manager, Vesteda Project Development B.V. and Vesteda Finance B.V., are exercised through Stichting Administratiekantoor Vesteda (StAK Vesteda).

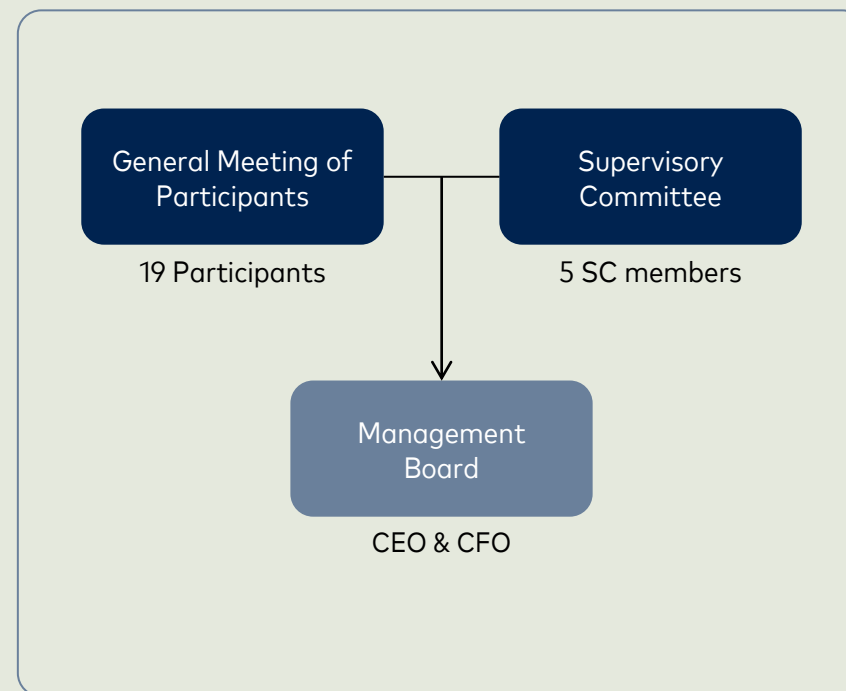
Participants are granted a power of attorney to attend and exercise voting rights in the general meeting of shareholders of these three companies by Stichting Administratiekantoor Vesteda at their request.

Vesteda has a best-practice governance framework



- Terms and Conditions (TC) entrust the management and operations to Vesteda Investment Management and determine the tasks, rights and duties of the Manager, the Participants and the Supervisory Committee.
- TC contain obligatory investment guidelines for the Manager and a liquidity mechanism.
- Depending on the importance of the resolution different thresholds are required in order to adopt a resolution:
 - **Ordinary consent (51%)**
 - E.g.: resignation or removal of Manager with cause, changes to business plan and investment/divestment >€100 million
 - **Majority consent (66.67%)**
 - E.g.: resignation or removal of Manager without cause, amendment to TC, termination of the Fund.
 - **Supermajority consent (80%)**
 - E.g.: acquisition of (i) companies or (ii) a controlling interest in companies, changes to the Investment Guidelines.
 - **Unanimous consent (100%)**
 - E.g.: amendment to TC causing the Fund to be non-transparent for Dutch corporate income tax purposes.
- Holding at least 25% of the participation rights entitles any (group of) participant(s) to nominate one member of the Supervisory Committee¹.

Simplified governance structure



1. No participant has executed this right so far

Investment guidelines as set in Terms and Conditions



Profile	Return	Leverage
<ul style="list-style-type: none">▪ Positioning as a 'core' investment fund (INREV classification).▪ Investment only in residential and related properties.▪ Geographical diversification within the Netherlands.▪ Offering of sustainable housing and operating in a socially responsible manner.▪ Governance structured on best-practice guidelines.▪ Broad group of institutional, long-term hold investors.	<ul style="list-style-type: none">▪ Annual distribution target of realised return excluding result on disposals.▪ Indirect return in line with inflation over the long term.▪ Outperformance of 3-year MSCI Netherlands Residential Benchmark.▪ Fund management cost target of ≤ 35 bps of GAV.	<ul style="list-style-type: none">▪ Loan-to-value $\leq 40\%$; target $\leq 30\%$.▪ Hedge and fixed interest rate $\geq 70\%$.▪ Diversified funding base.



Key financial figures

Income statement



(€ million)	2020	2019
Theoretical rent	347	339
Loss of rent	(12)	(10)
Gross rental income	335	329
Service charges income	10	9
Revenues	345	338
Property operating expenses (excluding service charges)	(79)	(72)
Service charges	(15)	(14)
Net rental income	251	252
Result on property sales	7	13
Management expenses	(26)	(23)
Interest expenses (including amortisation of financing costs)	(41)	(40)
Realised result before tax	191	202
Unrealised result	276	653
Result before tax	467	855
Tax	(1)	(1)
Result after tax	466	854
Settlement pre-hedge contracts	1	(6)
Revaluation of Property Plant and Equipment (PPE)	-	1
Total comprehensive income	467	849

- Gross rental income increased by €6 million to €335 million in 2020. The like-for-like rent increase was 2.7% in 2020, while the loss of rent increased to 3.4% in 2020 from 2.8% in 2019.
- In 2020, Vesteda sold a total of 234 homes from its investment portfolio, consisting of 165 individual unit sales and two complex sales totalling 69 units. The net result on property sales amounted to €7 million (2019: €13 million).
- Management expenses increased by €3 million to €26 million in 2020, due to lower recharged acquisition expenses, lower recharged property sales expenses and higher IT costs.
- Interest expenses were €41 million in 2020, with an average cost of debt of 1.9% (2019: 2.0%).
- Realised result amounted to €191 million in 2020, compared with €202 million in 2019. The decline was mainly due to a lower result on property sales, higher management expenses and a slightly lower net rental income.
- The COVID-19 pandemic led to lower revaluations on the Dutch housing market. Unrealised result amounted to €276 million in 2020, compared with €653 million in 2019.
- Vesteda's total comprehensive income declined to €467 million in 2020 from €849 million in 2019, primarily due to lower revaluation results in 2020.

Financial position & return on equity



(€ million, unless otherwise stated)	31 December 2020	31 December 2019
Total assets	8,440	8,058
Equity	6,294	6,022
Net debt	1,916	1,825
Leverage ratio (% excl. IFRS 16)	23.1	23.0

(% of time weighted average equity)	2020	2019
Realised return	3.1	3.6
- return from letting	3.0	3.3
- return from property sales	0.1	0.2
Unrealised return	4.5	11.4
Total return	7.6	15.0
Return from other comprehensive income	-	(0.1)
Total comprehensive return	7.6	14.9
Total comprehensive income in € per participation right (based on number of participations at year-end)	13.0	23.8
Proposed distribution over the financial year (% of time weighted average equity, excluding capital repayment related to portfolio sale)	3.0	3.3

- Mainly as a result of positive revaluations, Vesteda's balance sheet total increased to €8,440 million at year-end 2020, from €8,058 million at year-end 2019.
- At year-end 2020, the leverage ratio excluding IFRS 16 was 23.1%. Including IFRS 16, the leverage ratio stood at 24.5% at year-end 2020 (year-end 2019: 24.3%).
- The total return on time-weighted average equity (ROE) was 7.6% in 2020 (2019: 14.9%), of which 3.1% was realised return (2019: 3.6%) and 4.5% was unrealised return (2019: 11.4%).



Amsteltower, Amsterdam

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