Vesteda Finance B.V.

Financial statements 2017

Contents

Managing Board Report

General
Vesteda Finance B.V. was founded on 18 July 2012 and has its registered seat in Amsterdam, Boelelaan 759. In 2017, the Managing Board consisted of G.S. van der Baan (CEO) and F. Vervoort (CFO), as statutory directors of Vesteda Investment Management B.V..

Vesteda Finance B.V.'s objective is the financing of the companies affiliated with the Vesteda Group and the execution of financial transactions on behalf of this group.

Vesteda Finance B.V. is managed by Vesteda Investment Management B.V..

Staff
In 2017, Vesteda Finance B.V. had no employees.

Investments
The company does not intend to invest in any tangible fixed assets.

Financing
In 2017 Vesteda Finance B.V. continued its borrowing of senior unsecured notes that were issued under its programme for the issuance of Euro Medium Term Notes (EMTN). The notes were rated BBB at time of issuance by Standard & Poor's. The credit rating of the notes were upgraded to BBB+ in 2016 in line with the credit rating upgrade of Vesteda Residential Fund by Standard & Poor's.

In December 2017 Vesteda Finance B.V. issued additional € 100 million senior unsecured notes under its programme as a private placement transaction. The notes were rated BBB+ at time of issuance by Standard & Poor's.

Vesteda Finance B.V. held a long-term interest rate swap contract with Rabobank at a rate of 1.99% for an original notional amount of € 625 million to hedge interest rate exposure on the remaining loan portfolio with floating interest exposure, comprising the corporate credit facility.

Vesteda Finance B.V. runs no risks related to the loans it has taken out; the loans are lent on in their entirety and on the same conditions to the entities of the fund, with all risks ensuing from said loans lying with the fund itself.

For the execution of its financing activities, Vesteda Finance B.V. receives a surcharge of 0.0625% on the basis of the settlement agreement with the Dutch tax authorities dated 30 October 2013. This surcharge therefore applies in all instances in the notes below where reference is made to forward lending on equal terms.

Revenues and profitability
Any and all costs the company incurs in connection with its financing activities of real estate are charged on to the (economic) owner of the underlying real estate. The company does not generate any revenues as such. Vesteda Finance B.V. charges a surcharge on the amounts it lends on; this is recognised as 'Other operating income' in the statement of income.

Risk management
Vesteda Finance B.V. has no employees and is managed by Vesteda Investment Management B.V.. Vesteda Investment Management B.V. is the manager of the company. The risk management for Vesteda Finance B.V. has been delegated to Vesteda Investment Management B.V..

Vesteda Investment Management B.V. (Vesteda) has made risk management a fully integrated part of its operating processes. The company has implemented a risk management method that is appropriate for its risk profile, as well as that of the fund and the other entities it manages. The company has defined this risk profile in the Investment Guidelines of the fund's Terms & Conditions and it is generally expressed in the INREV Core fund character of the fund. The risk management method covers every level of the business operations, enabling us to ensure that the company is 'in control' of operational performance. The Vesteda Managing Board regularly tests the performance of the control measures and aims for constant improvement and optimisation of the risk management process.

Focused on achieving company targets
Risk management and decision-making are focused on making optimal use of opportunities and limiting any negative effects. Our goal is not to exclude all risks, but to obtain the insight we need to respond as effectively as possible to both opportunities and threats. Vesteda believes it is vital that risk management forms an integral part of sound business operations at both strategic and operational levels. This means that Vesteda's stakeholders, including employees, participants and financiers can assume that Vesteda is in control of the way it conducts its business, with the aim of ensuring the continuity of its business operations and achieving results that do justice to its chosen risk profile.

Focused on timely identification
Vesteda's risk management and internal control systems have been designed to identify risks in a timely fashion, and to assess and control those risks to enable the company to meet its business targets in line with the overall strategy and the targets defined in the business plan. The internal reporting systems are also designed to facilitate the timely identification of these risks.

Integral part of the business operations
At Vesteda, risk management is an integral part of the business operations and process management. What this means in effect is that any business-related risks are identified and – if the Managing Board deems this necessary – mitigated to the desired risk level using control measures. Vesteda periodically catalogues and evaluates these risks. The internal control systems have been developed in line with recommendations of COSO (Committee of Sponsoring Organizations of the Treadway Commission) and are designed to obtain a reasonable amount of certainty regarding the realisation of the company's business objectives. Internal control systems cannot provide absolute certainty, due to the possibility of unforeseen circumstances, human error, collusion involving employees, violations of regulations, cost-benefit considerations or the confluence of apparently insignificant factors that may have major consequences.

Managing Board responsibility
The Managing Board is responsible for the management of any risks inherent in Vesteda Investment Management B.V.'s operational activities. The Board is also responsible for making sure that the company abides by all relevant laws and legislation. The senior management and the designated process owners bear the day-to-day responsibility for the continuous supervision of the design and operation of these measures.

The above-mentioned risk analysis approach is embedded in the planning and control cycle. The internal control systems comprise, among other things, measures aimed at realising the adequate separation of functions, the timely registration of significant transactions and data security. Internal responsibilities and management reports, management reviews and other internal analyses of the design and operation of the internal control measures are an integral part of the chosen approach.

With regard to Vesteda Finance B.V., the risk management focuses on the following:

Treasury

Description of the risk

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

Control measure(s)

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

Recoverability of claims on related companies

In view of the fact that Vesteda Finance B.V. lends on the loans it takes out on the capital markets to other Vesteda entities, Vesteda Finance B.V. has significant claims on related companies. The risk that these claims will be irrecoverable is considered negligible, taking into account the solid financial position of said entities in combination with their historical payment behaviour for these commitments. The related companies also act as guarantors for the loans.

The above-mentioned risks have no direct financial impact on Vesteda Finance B.V. and the potential impact of these risks is not quantified as such in any greater detail.

Vesteda's INREV core fund profile implies that Vesteda has a relatively low risk profile. Vesteda uses a relatively low level of leverage.

Post reporting date events

There were no significant events after the reporting date.

Amsterdam, 27 March 2018

Managing Board: Vesteda Investment Management B.V.

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

Financial statements

1. Balance sheet as at 31 December 2017
(after profit appropriation)

Amounts x € 1,000	31 December 2017	31 December 2016
ASSETS		
Fixed assets		
Financial fixed assets		
Receivables from related companies [1]	1.171.888	1.155.766
Receivables from related companies derivatives[2]	-	18.585
	1.171.888	1.174.351
Current assets		
Receivables		
Receivables from related companies[3]	5.818	2.657
Cash and cash equivalents[4]	52	609
	1.177.758	**1.177.617**
EQUITY AND LIABILITIES		
Equity[5]	988	690
Long-term debt		
Debts to credit institutions[6]	1.171.888	1.155.766
Derivatives[7]	-	18.585
	1.171.888	1.174.351
Short-term debt		
Taxes[8]	24	11
Accrued liabilities[9]	4.858	2.565
	4.882	2.576
	1.177.758	**1.177.617**

2. Statement of income for 2017

Amounts x € 1,000		2017		2016
Other operating income[10]		371		297
Property operating expenses and other costs[11]		4-		4-
Interest income loans to related companies[12]	29.775		28.258	
Income movements in derivatives[13]	6.278		4.159	
Income unwind derivatives[14]	12.307		-	
Interest expenses loans third parties[15]	29.775-		28.258-	
Expenses movements in derivatives[16]	6.278-		4.159-	
Expenses unwind derivatives[17]	12.307-		-	
Other financial income	8		-	
Financial income and expenses		**8**		-
Result before taxes		**375**		**293**
Corporate income taxes[18]		77-		61-
Result after taxes		**298**		**232**

3. Cash flow statement for 2017

Amounts x € 1,000	2017	2016
Income received from financing activities	371	297
Other receipts from related companies	-	-
Taxes paid	64-	100-
Other expenses paid	4-	4-
Cash flow from operating activities	**303**	**193**
Loans provided to related companies	100.853-	192.000-
Proceeds from repayment loans to related companies	85.000	-
Income received from unwind derivatives	12.307	-
Proceeds from oncharging transaction expenses	767	
Interest income received from related companies	26.198	27.913
Proceeds from loans drawn from credit institutions	100.000	192.000
Repayment loans to credit institutions	85.000-	-
Paid transaction expenses	767-	
Paid interest expenses external	26.205-	28.009-
Paid expenses unwind derivatives	12.307-	-
Cash flow from financing activities	**860-**	**96-**
Total cash flow	**557-**	**97**
Cash and cash equivalents at end financial year	52	609
Cash and cash equivalents at start financial year	609	512
	557-	**97**

4. Notes to the financial statements

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

Vesteda Finance B.V. is managed by Vesteda Investment Management B.V..

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

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

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

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

Primary financial instruments
For the principles of primary financial instruments, reference is made to the recognition per balance sheet item of the 'Principles for the valuation of assets and liabilities'.

Accounting policies for the valuation of assets and liabilities

Financial fixed assets
The financial fixed assets consist exclusively of the charging on of external financing and are therefore valued according to the same accounting principles used to value long-term debts. If reason exists impairment is used to reflect the potential non-payment of debts.
For the principles applied, please see long-term borrowings.

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

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

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

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

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

Taxes
Vesteda Finance B.V. is liable for corporate income tax on the basis of the fee Vesteda Finance B.V. receives by virtue of its intercompany financing activities.

Accounting policies for the determination of results

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

Other operating income
The fees Vesteda Finance B.V. receives by virtue of its intercompany financing activities are recognised as other operating income.

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

Interest income and expenses
Interest income and expenses are stated at face value.

Income and expenses value movements derivatives
Any movements in the fair value of the derivatives and the unwind expenses are recognised in the item income and expenses value movements derivatives.

Corporate income tax
Corporate income tax is calculated on the basis of the fiscally taxable amount, taking into account tax relief items.

Principles for preparation of the cash flow statement

The cash flow statement is prepared according to the direct method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid investments.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payments of the lease instalments on account of the financial lease contract are presented as redemptions of debts for the redemption component and as paid interest for the interest component.

Notes to the balance sheet and statement of income

Receivables from related companies (1)

Amounts x € 1,000

	2017	2016
As at 1 January	1.155.766	961.982
Disbursements	100.000	192.000
Discount	-	-
Depreciation discount	612	598
Repayments	85.000-	-
Transaction expenses paid	767-	376-
Amortisation transaction expenses	1.277	1.562
As at 31 December	**1.171.888**	**1.155.766**

In 2017, Vesteda Finance B.V. extended loans to related companies. These are all external loans that Vesteda Finance B.V. has taken out and which are lent on in their entirety. Said forward lending is effected at the same terms and conditions as agreed with the external credit institutions, with a limited surcharge which is recognised as operating income.

The risk of non-payment related to these receivables is considered very limited, taking into account the solid financial position of said entities in combination with the fact that said related companies have in the past always met the associated obligations. The related companies in question also act as guarantors for the loans.

Receivables from related companies derivatives (2)

Amounts x € 1,000	2017	2016
As at 1 January	18.585	22.744
Valuation movements	6.278-	4.159-
Unwind transaction	12.307-	-
As at 31 December	-	**18.585**

The derivative contracts that Vesteda Finance B.V. had closed with Rabobank are passed on in their entirety to related companies; they were unwound during the course of 2017.
For further information, please see derivatives (7).

Receivables from related companies (3)

Amounts x € 1,000	31-12-2017	31-12-2016
Loans receivable from related companies	853	-
Interest receivable	4.851	2.657
Other receivables	114	-
	5.818	**2.657**

Cash and cash equivalents (4)

Amounts x € 1,000	31-12-2017	31-12-2016
Bank accounts	52	609
	52	**609**

Vesteda Finance B.V. has full and free disposal of its cash.

Equity (5)

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

Amounts x € 1,000	Subscribed and paid-up capital	Other reserves	Total
As at 1 January 2016	18	440	458
Result 2016	-	232	232
As at 31 December 2016	**18**	**672**	**690**
Result 2017	-	298	298
As at 31 December 2017	**18**	**970**	**988**

Appropriation of result for the financial year 2016
The annual report 2016 was adopted in the general meeting of shareholders held on 12 April 2017. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year 2017
The board of directors proposes, that the result for the financial year 2017 amounting to € 298,056 should be transferred to reserves without payment of dividend.

Long-term liabilities

Debts to credit institutions (6)

Amounts x € 1,000	Loans		
	Term facilities	**Bonds**	**Total**
As at 1 January 2016	367.194	594.788	961.982
Disbursements	192.000	-	192.000
Discount	-	-	-
Depreciation discount	-	598	598
Repayments	-	-	-
Transaction expenses paid	360-	16-	376-
Depreciation transaction expenses	786	776	1.562
As at 31 December 2016	**559.620**	**596.146**	**1.155.766**
Disbursements	-	100.000	100.000
Discount	-	-	-
Depreciation discount	-	612	612
Repayments	85.000-	-	85.000-
Transaction expenses paid	225-	542-	767-
Depreciation transaction expenses	745	532	1.277
As at 31 December 2017	**475.140**	**696.748**	**1.171.888**

A € 600 million revolving credit facility is funded on 3-Months and 1-Month Euribor and has a 5-year initial term plus two 1-year extension request options and is provided by the lenders ABN Amro, Rabobank, BNP Paribas, Deutsche Bank and ING. The remaining legal term is 3.42 years.

At year-end 2017 from the total facility of € 600 million an amount of € 277 million is outstanding and an amount of € 323 million has not been drawn.
Pricing of the revolving credit facility is subject to a margin grid, whereby an LTV below 32.5% equates to a margin of 0.70% and utilized commitments exceeding 33.3% but less or equal to 66.7% equate to a utilization fee of 0.20%. Utilized commitments exceeding 66.7% equate to a utilization fee of 0.40%.

A € 100 million private placement borrowing with funds provided by PRICOA Capital Group under a note purchase agreement. The senior notes have a fixed annual coupon of 3.18%, payable on a semi-annual basis and are due on 8 May 2021. The intended remaining term to maturity of the notes is 3.35 years.

A second € 100 million private placement borrowing with funds provided by PRICOA Capital Group under a note purchase agreement. The senior notes have a fixed annual coupon of 1.80%, payable on a semi-annual basis and are due on 16 December 2026. The intended remaining term to maturity of the notes is 8.96 years.

The above-mentioned facilities and/or loans fall under Term facilities borrower by Vesteda Finance B.V. for which CVF I B.V., CVF III B.V. and CVF IV B.V. are severally liable for the fulfilment of the financial obligations arising from said financing facility.

A first tranche of € 300 million senior unsecured notes was issued in July 2014. The notes pay an annual fixed coupon of 1.75% and are due on 22 July 2019. The intended remaining term to maturity of the notes is 1.65 years.

A second tranche of € 300 million senior unsecured notes was issued in October 2015. The notes pay an annual fixed coupon of 2.50% and are due on 27 October 2022. The intended remaining term to maturity of the notes is 4.82 years.

In December 2017 Vesteda Finance B.V. issued additional € 100 million senior unsecured notes under its programme for the issuance of Euro Medium Term Notes (EMTN) as a private placement transaction. The notes were rated BBB+ at time of issuance by Standard & Poor's:

- A tranche of € 35 million senior unsecured notes pay an annual fixed coupon of 1.899% and are due on 15 December 2027. The intended remaining term to maturity of the notes is 9.96 years;
- A tranche of € 65 million senior unsecured notes pay an annual fixed coupon of 2.478% and are due on 15 December 2032. The intended remaining term to maturity of the notes is 14.96 years.

All notes issued are recognised under Bonds and are issued by Vesteda Finance B.V. for which CVF I B.V., CVF III B.V. and CVF IV B.V. are severally liable for the fulfilment of the financial obligations arising from said financing facility.

The loans are subject to financial conditions (ratios). These ratios are in line with those agreed with the credit institutions and are calculated at Vesteda Residential Fund FGR level:

- Loan-to-Value ratio of a maximum of 50% of the fair market value of the investments in real estate.
- Interest cover ratio of a minimum of 200% of the EBITDA of the Vesteda Residential Fund FGR for the private placement.
- Interest cover ratio of a minimum of 180% of the EBITDA of the Vesteda Residential Fund FGR for the bank credit facility.

In the event that the Vesteda Residential Fund FGR fails to meet the ratios set, the loans are payable with immediate effect. Vesteda met the conditions of the covenants during and as per the end of 2017.

Derivatives (7)

Amounts x € 1,000

	2017	2016
As at 1 January	18.585	22.744
Value movements	6.278-	4.159-
Unwind transaction	12.307-	-
As at 31 December	-	**18.585**

In December 2017 the remaining € 215 million notional of the Interest Rate Swap was unwound for a total consideration of € 12 million. As a result of the unwind in 2017, Vesteda has no interest derivatives outstanding per year-end 2017 for hedging of its Loan Portfolio.

Taxes (8)		
Amounts x € 1,000	**31-12-2017**	**31-12-2016**
Corporate income tax payable	24	11
	24	**11**

Corporate income tax is calculated on the basis of the fiscally taxable amount, taking into account any tax relief items. The effective tax rate is 20% (2016: 20%) and is therefore the same as the applicable tax rate.

Accrued liabilities (9)		
Amounts x € 1,000	**31-12-2017**	**31-12-2016**
Interest payable	4.851	2.562
Other	7	3
	4.858	**2.565**

Other operating income (10)		
Amounts x € 1,000	**2017**	**2016**
Income financing activities	371	297
	371	**297**

Other operating income represents the payment Vesteda Finance B.V. receives from related companies for its intercompany financing activities.

Property operating expenses and other expenses (11)		
Amounts x € 1,000	**2017**	**2016**
Consultancy costs	4	4
	4	**4**

Vesteda Investment Management B.V. is the manager and responsible for the day-to-day business operations.
Deloitte's fee for audit services, audit-related service and for other services is therefore recognised in the financial statements of Vesteda Investment Management B.V..

Interest payments on loans to related companies (12)
Interest income from loans to related companies represents the interest income from Vesteda Finance B.V.'s external loans, which have been extended to related companies.

Income movements in derivatives (13)
Income movements in derivatives represent positive value movements or, in the case of negative value movements, the charging on of same to related companies.

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

Interest expenses loans from third parties (15)
Interest expenses loans from third parties represent interest expenses related to the loans received from credit institutions.

Expenses movements derivatives (16)
Expenses movements derivatives represent the negative value movements or, in the event of positive movements the charging on of same to related companies.

Expenses unwind derivatives (17)
Expenses unwind derivatives represent the negative value unwinding and in the event of a positive value movement the charging on of same to related companies.

Corporate income tax (18)
Corporate income tax is calculated on the basis of the taxable amount, taking into account tax relief items.

Financial instruments
Vesteda Finance B.V.'s principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of the loans and borrowings is to finance the Vesteda Companies property portfolio. Vesteda Finance B.V. runs no risks related to the loans and derivatives it has taken out; the loans and derivatives are lent on in their entirety and on the same conditions to the entities of the fund.

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

- General
The main financial risks Vesteda Finance B.V. is exposed to are liquidity risk and credit risk. Vesteda actively manages liquidity risk and credit risk as part of its treasury policy.

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

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

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

- Credit risk
In view of the fact that Vesteda Finance B.V. lends on the loans it takes out on the capital markets to other Vesteda entities, Vesteda Finance B.V. has significant claims on related companies. The risk that these claims will be irrecoverable is considered negligible, taking into account the solid financial position of said entities in combination with their historical payment behaviour for these commitments. The related companies also act as guarantors for the loans.

Transactions with related companies
The entities Vesteda Finance B.V., CVF I B.V., CVF III B.V. and CVF IV B.V. are related to each other in such a way that they are classified as related companies. This classification is a result of their organisational relationship, the central management and the economic unity of the parties.
In 2017, there were several transactions between Vesteda Finance B.V., CVF I B.V., CVF III B.V. and CVF IV B.V. related to the charging on of loans, interest and derivatives. At the end of the year under review, the balance between Vesteda Finance B.V. and CVF I B.V. amounted to € 597,038,000, while the balance between Vesteda Finance B.V. and CVF III B.V. was € 302,330,000 and € 301,336,000 between Vesteda Finance B.V. and CVF IV B.V..

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

Service fees paid to external auditors
Vesteda Finance B.V. is managed by Vesteda Investment Management B.V. and therefore all audit fees are charged to Vesteda Investment Management B.V.

Other notes

Remuneration members of the Managing Board
In 2017, the company was not charged amounts for the remuneration of members of the Managing Board.

Post reporting date events
There were no significant events after the reporting date.

Signing of the financial statements

Amsterdam, 27 March 2018

The Managing Board: Vesteda Investment Management B.V.

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

Other information

1. Profit appropriation according to the articles of association

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

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

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

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

2. Independent auditor's report

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Independent auditor's report

To the shareholders of Vesteda Finance B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2017 of Vesteda Finance B.V., based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Vesteda Finance B.V. as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2017.
2. The statement of income for 2017.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 5.850.000. The materiality is based on 0,5% of the debts to credit institutions. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 292.500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

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

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

Risk	Audit response
Counter party credit risk	
The key objective of the entity is to finance the companies affiliated with the Vesteda Group and the execution of financial transactions on behalf of the Vesteda Group. The key risk for the entity is the ability of the Vesteda Group entities to meet the loan requirements such as loan compliance and repayment schemes.	We have assessed management position on the recoverability of the loans to the Vesteda Group and reviewed the financial position of the Vesteda Group to support management position. Furthermore we have performed testing on the loan compliance in the current year for the loans with the Vesteda Group.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

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

- Managing Board Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

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

1.1.1.1

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

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

No prohibited non-audit services

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

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

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

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

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

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

1.1.1.1

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

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

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

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

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

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

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

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

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

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

Amsterdam, March 27, 2018

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Deloitte Accountants B.V.

Initial for identification purposes:

J. Holland

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