Vesteda Finance B.V.

Annual Report 2019

Contents

Managing Board Report

General
Vesteda Finance B.V. was founded on 18 July 2012 and has its registered seat in Amsterdam, De Boelelaan 759. In 2019, 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., which is the manager of the Vesteda Residential Fund FGR (i.e. "Fund") in the Netherlands.
The manager is responsible for the daily operations and the implementation of the strategy. The Fund is managed in line with the provisions laid down in the Fund's Terms and Conditions.

Staff
In 2019, Vesteda Finance B.V. had no employees.

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

For the short-term funding need, Vesteda introduced the Euro Commercial Paper program up to € 1 billion. At year end, this was in use for €215 million.

In February, the first extension option of the Revolving Credit Facility (RCF) was exercised. Five out of six lenders in the RCF approved this request. This means that €630 million out of €700 million was extended by one year to June 1, 2024, and €70 million matures on June 1, 2023.
Following the introduction of the Euro Commercial Paper program, the RCF only serves as back-stop facility, in case Vesteda cannot make use of the ECP market. Therefore, the RCF was undrawn at year end, and had an availability of € 700 million. Vesteda also amended the RCF, incorporating a swingline. This allows Vesteda to make a drawing on same day notice, up to an amount of €223.5 million.

In May 2019 Vesteda issued its first Green bond for an amount of €500 million in senior unsecured notes. The bond was more than six-times oversubscribed, resulting in an interest coupon of 1.5% and a tenor of 8 years. The proceeds were used to repay a bond.

In June, the committed facility of SMBC was replaced by an uncommitted facility of SMBC, with the same size of €200 million. After the green bond issue and the repayment of our €300 million bond that matured in 2019, there was no requirement to have an extra €200 million committed facility for liquidity headroom. Therefore, we replaced this for an uncommitted facility.

The leverage ratio for Vesteda Finance B.V. is 99.2% which is aligning with the objective of the company. The solvency ratio is 0.1% as debt to credit institutions is mirrored by receivables from related companies (also in Terms and Conditions).

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

For information with regards to the financing risks of Vesteda Finance B.V. we refer to section ‘Fair value of financial instruments’ of the financial statements on page 23.

Financial figures
Any and all costs the company incurs in connection with its financing activities 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. adds a surcharge on the amounts it lends on; this is recognised as ‘Interest income’ in the statement of income. The interest income is €0.7 million and the result after tax is €0.5 million. The balance sheet represents an equity of €1,952 million.

Governance
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 governance and risk management for Vesteda Finance B.V. has been delegated to Vesteda Investment Management B.V.

Vesteda Investment Management B.V. carries out its task solely in the interests of the participants of Vesteda and within the limitations as described in Vesteda’s Terms and Conditions as agreed upon between the participants.

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

The Managing Board of the manager comprises of two managing directors jointly able to represent the manager. The Managing Board is supported by its Management Team, comprising of the director Operations and director Acquisitions.

The male/female ratio within the Managing Board is 100/0 and including the Management Team 75/25. Within Vesteda’s Supervisory Committee the ratio is 60/40.

Vesteda recognizes the importance of an equal split between male and female members of its Managing Board and Supervisory Committee, taking into account that the candidate’s qualification and suitability for the function profile are always the leading principle.

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

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

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

The following is a list of the most significant risks Vesteda Investment Management faces:

Strategic risk analysis
In 2017, Vesteda conducted an extensive risk analysis based on Vesteda's integrated strategic framework focusing on the risks associated with Vesteda Investment Management's strategic objectives relating to tenants, information technology, organisation, portfolio strategy, participants, funding and corporate sustainability and social responsibility. For almost all of the building blocks in our strategic framework, Vesteda Investment Management assessed the risks that the strategic objectives may not be met within a time horizon of three years.

For each risk identified, the following analysis was performed:

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

For the strategic areas where the net risk, in combination with the potential impact of the risk and the likelihood of occurrence, could be regarded as relatively high, the Risk Committee performed an additional review and evaluation of the control measures in 2018, including (if necessary) additional control measures to be taken.

Risks related to Information Technology (IT)
- Insufficient data security and system failures

This IT risk is partly mitigated by the outsourcing of our IT service delivery function to a third party service provider, which is subject to an annual ISAE 3402 Type II Service Organisation Control Report.

In 2018, Vesteda started with the implementation of a new ERP system, which is expected to be fully operational in 2020. When implemented, this new system will also reduce the risk of system failures, by reducing the number of legacy applications and applying more recent and stable technology.

Following a review of the measures relating to the continuity of our IT hardware and systems, Vesteda took additional disaster recovery measures. We will implement a new Information Security Policy in 2020.

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

The Risk Committee, consisting of the CFO, director Operations, the General Counsel, the Manager Control and the Compliance Officer, focuses on providing support and advice with respect to strategic risks and defining the policy framework for operational risk management. Operational risk management continues to be the responsibility of the business. The Risk Committee will monitor the effectiveness of operational controls and compliance.

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

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

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

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

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

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 Finance B.V. 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 it's group leverage below 30% (based on figures exclusive IFRS16 Right of use on land leases effects). The leverage of the Vesteda group at year end 2019 is 22.9% (calculated on figures exclusive IFRS16 Right of use on land leases effects).
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. Vesteda meets all covenants at year end 2019.

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.

Outlook 2020

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

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

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

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

Amsterdam, 18 March 2020

Managing Board: Vesteda Investment Management B.V.

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

1. Balance sheet as at 31 December 2019 (after profit appropriation)

Amounts x € 1,000	**31 December 2019**	**31 December 2018**
ASSETS		
Fixed assets		
Financial fixed assets		
Receivables from related companies[1]	1,590,637	1,438,503
Current assets		
Receivables from related companies[2]	237,590	310,941
Cash and cash equivalents[3]	60	184
	1,828,287	**1,749,628**
EQUITY AND LIABILITIES		
Equity[4]		
Subscribed and paid-up capital	18	18
Other reserves	1,934	1,423
Long-term debt		
Debts to credit institutions[5]		
Private Placements	299,399	299,332
Bonds	1,291,238	795,678
	1,590,637	1,095,010
Short-term debt		
Debts to credit institutions[5]	-	300,000
Private Placements	223,551	343,493
Bonds	-	-
Taxes[6]	149	49
Accrued liabilities[7]	11,998	9,635
	235,698	653,177
	1,828,287	**1,749,628**

2. Statement of income for 2019

Amounts x € 1,000		**2019**		**2018**
Interest income receivables from related companies[8]		33.676		30.897
Interest expenses debts to credit institutions[9]		33.007-		30.325-
Gross margin[10]		669		572
Operating expenses and other costs[11]		12-		13-
Operating result		657		559
Income unwind derivatives[12]	542			
Expenses unwind derivatives[13]	542-			
Other financial income	22		9	
Financial result		**22**		**9**
Result before taxes		**679**		**569**
Corporate income taxes[14]		168-		116-
Result after taxes		**511**		**453**

3. Cash flow statement for 2019

Cash flow statement 2019
The Company forms part of a group, headed by Vesteda Residential Fund FGR in Amsterdam. The capital of Vesteda Finance B.V. is for 100% contributed by Stichting Administratiekantoor Vesteda which is fully consolidated into Vesteda Residential Fund FGR (100%).
The consolidated financial statements of Vesteda Residential Fund FGR are prepared including an equivalent consolidated cash flow statement. Copies are available at the website of Vesteda, http://vestedareport.com/downloads/.
Vesteda Finance B.V. applies Dutch Accounting Standard 360.104 and excludes the cash flow statement from its financial statements.

4. Notes to the financial statements

General
Vesteda Finance B.V., with its registered office and its actual place of business is De Boelelaan 759 in Amsterdam and filed with the Trade Register at the Chamber of Commerce under number 55723322, is one of the consolidated entities of the Vesteda Residential Fund FGR (“Vesteda”), a mutual fund. Vesteda Finance B.V.’s objective is the financing of the companies affiliated with Vesteda 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 Part 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 ‘Accounting principles for the valuation of assets and liabilities’.

Accounting principles 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.
If the company has a controlling or significant influence on the business and financial policies of participations, they are recognised according to the equity method on the basis of the net asset value. Other participations are valued at historical cost price or lower market value. Loans receivable are recognised at face value. If reason exists the value of these loans is adjusted downwards for potential non-payment. The deferred corporate income tax receivables based on the possibility of deducting tax losses and differences between commercial and fiscal valuation principles are valued at the prevailing tax rate percentage insofar as it is probable that these can be realised.
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 principles for the determination of results

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

Interest income
The fees Vesteda Finance B.V. receives by virtue of its intercompany financing activities are recognised as interest 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 expenses
Interest-related expenses are recognized in the statement of income in the period in which they are incurred.

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

Notes to the balance sheet and statement of income

Receivables from related companies (1)

Amounts x € 1,000

	2019	2018
As at 1 January	1,095,010	1,171,888
Loans provided	500,000	1,327,000
Discount	-	255-
Depreciation discount	-	660
Repayments	-	758,000-
Transfer to current assets	-	643,493-
Transaction expenses paid	5,840-	4,607-
Amortisation transaction expenses	1,467	1,817
As at 31 December	**1,590,637**	**1,095,010**

In 2019, Vesteda Finance B.V. made loans to its related companies. These are all external loans provided to Vesteda Finance B.V. and which are subsequently lend onwards to related companies. The lending towards related companies is effected at the same Terms and Conditions as agreed upon with the external credit institutions, with an administrative surcharge (0.6%) recognised as operating income.

The risk of non-payment related to these receivables is considered very limited, taking into account the positive results of said entities in combination with the fact that said related companies have in the past always met their obligations. The related companies in question also act as guarantors for the loans.
In 2019 there have been no specific value derecognitions.

Receivables from related companies (2)

Amounts x € 1,000	31-12-2019	31-12-2018
Loans receivable from related companies	225,160	301,379
Interest receivable	11,978	9,382
Other receivables	452	180
	237,590	**310,941**

The short-term loans receivable from related companies relate to excess liquidity provided towards Custodian Vesteda Fund I B.V. plus € 225 million of external loans lend onwards and repayable within one year. The interest receivable relates to the interest on the long-term borrowings towards related companies.

Cash and cash equivalents (3)

Amounts x € 1,000	31-12-2019	31-12-2018
Bank account balances	60	184
	60	**184**

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

Equity (4)

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

Amounts x € 1,000	Subscribed and paid-up capital	Other reserves	Total
Result 2018	-	453	453
As at 31 December 2018	**18**	**1,423**	**1,441**
Result 2019	-	511	511
As at 31 December 2019	**18**	**1,934**	**1,952**

Appropriation of result for the financial year 2018
The annual report 2018 was adopted in the general meeting of shareholders held on 1 April 2019. 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 2019
The board of directors proposes, that the result for the financial year 2019 amounting to € 511,432 should be transferred to reserves without payment of dividend. The financial statements reflect this proposal.

Long-term debt

Debts to credit institutions (5)

Amounts x € 1,000	Long term loans		
	Bonds	**Private placements**	**Total**
As at 31 December 2018	**795,678**	**299,332**	**1,095,010**
Disbursements	500,000	-	500,000
Discount	-	-	-
Repayments	-	-	-
Transfer to short-term debt	-	-	-
Transaction expenses paid	5,840-	-	5,840-
Depreciation transaction expenses	1,400	67	1,467
As at 31 December 2019	**1,291,238**	**299,399**	**1,590,637**

Bank facilities

In 2019 the existing 700-million revolving credit facility was amended and extended. Five out of six lenders in the RCF approved this request, meaning that €630 million was extended. A Swingline facility is built into the facility agreement and the first extension option was exercised, extending the maturity date by one year to June 1, 2024. The facility has a 5-year initial term plus two 1-year extension options of which one is exercised. The facility is provided by the lenders ABN Amro, Rabobank, BNP Paribas, Deutsche Bank, ING and SMBC. The remaining legal term is 4.4 years. At year-end 2019, the total facility of €700 million was undrawn.

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

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

Bonds

In 2019, Vesteda Finance B.V. continued its borrowing of senior unsecured notes that were issued under its programme for the issuance of Euro Medium Term Notes (EMTN). Standard & Poor's rated the notes BBB at the time of issuance. The credit rating of the notes was upgraded to BBB+ in 2016, in line Standard & Poor's credit rating upgrade of Vesteda Residential Fund:

- The first tranche of €300 million senior unsecured notes, issued in July 2014 and due on 22 July 2019 was repaid early, on 23 April 2019 with an interest rate of 1.75%
- A second tranche of €300 million senior unsecured notes was issued in October 2015. The notes pay an annual fixed coupon of 2.50% (effective interest rate of 0.25%) and are due on 27 October 2022. The intended remaining term to maturity of the notes is 2.8 years.

- A third tranche of €500 million senior unsecured notes was issued in July 2018. The notes pay an annual fixed coupon of 2.00% (effective interest rate of 0.79%) and are due on 10 July 2026. The intended remaining term to maturity of the notes is 6.5 years.

- In May 2019 Vesteda issued its first Green Bond for an amount of €500 million in senior unsecured notes. The transaction was more than six times oversubscribed. The notes pay an annual fixed coupon of 1.50% and are due on 24 May 2026 (effective interest rate of 0.87%). The intended remaining term to maturity of the notes is 7.4 years.

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

Private placements

A €100 million private placement borrowing with funds provided by PRICOA Capital Group under a note purchase agreement. The senior notes have a fixed annual coupon of 3.18% (effective interest rate of 0.06%), payable on a semi-annual basis and are due on 8 May 2021. The intended remaining term to maturity of the notes is 1.4 years.
A second €100 million private placement borrowing with funds provided by PRICOA Capital Group under a note purchase agreement. The senior notes have a fixed annual coupon of 1.80% (effective interest rate of 0.83%), payable on a semi-annual basis and are due on 16 December 2026. The intended remaining term to maturity of the notes is 7.0 years.
A third tranche of 100 million private placement borrowing in senior unsecured notes under its program for the issuance of Euro Medium Term Notes (EMTN). Standard & Poor's rated notes BBB+ at the time of issuance:

- A tranche of €35 million senior unsecured notes pay an annual fixed coupon of 1.899% (effective interest rate of 0.91%) and are due on 15 December 2027. The intended remaining term to maturity of the notes is 8.0 years;
- A tranche of €65 million senior unsecured notes pay an annual fixed coupon of 2.478% (effective interest rate of 1.25%) and are due on 15 December 2032. The intended remaining term to maturity of the notes is 13.0 years.

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

Short-term debt

Amounts x € 1,000	Short term loans			
	Bank facilities	ECP	Bonds	Total
As at 31 December 2018	**343,493**	**-**	**300,000**	**643,493**
Disbursements	655,000	1,355,025	-	2,010,025
Discount	-	-	-	-
Repayments	991,000-	1,140,000-	300,000-	2,431,000-
Transfer to short-term debt	-	-	-	-
Transaction expenses paid	-	107-	-	107-
Depreciation transaction expenses	1,121	19	-	1,139
As at 31 December 2019	**8,614**	**214,937**	**-**	**223,551**

Taxes (6)

Amounts x € 1,000	31-12-2019	31-12-2018
Corporate income tax payable	149	49
	149	**49**

Accrued liabilities (7)

Amounts x € 1,000	31-12-2019	31-12-2018
Interest payable	11,978	9,382
Other	20	252
	11,998	**9,634**

Interest income receivables from related companies (8)
Interest income from loans to related companies represents the interest income on Vesteda Finance B.V.'s lending towards related companies.

Interest expenses debts to credit institutions (9)
Interest expenses on debts to credit institutions represent interest expenses related to the loans provided to Vesteda Finance B.V.

The interest payable relates to the debts to credit institutions.

Gross margin (10)

Amounts x € 1,000	2019	2018
Income financing activities	669	572
	669	**572**

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

Operating expenses and other costs (11)

Amounts x € 1,000	2019	2018
Audit and tax consultancy fees	12	13
	12	**13**

Income unwind derivatives (12)
Income unwind derivatives represents the positive value unwinding or, in the case of negative value movements, the charging on of same to related companies.

Expenses unwind derivatives (13)
Expenses unwind derivatives represent the negative value unwinding and in the event of a positive value movement the charging on of same to related companies.

The derivative was arranged to hedge the interest risk before the issue of the Green bond. The derivative was unwound and settled at the date of the Green bond issue. The costs for the settlement of the derivative was capitalised and this is amortised on a monthly basis.
The write off period of the derivative equals the duration of the Green bond, which is 8 years (see note 5). The initial amount of the derivative was €6.960.000 and at year-end €6.410.000, resulting in an income/expenses unwind of € 542.000. The writing off the derivative started immediately after the settlement date, May 2019.

Corporate income tax (14)
Corporate income tax is calculated on the basis of the fiscal taxable amount, taking into account any tax relief items. The effective tax rate is 25% (2018: 25%) and is therefore the same as the applicable tax rate.

Financial instruments
Vesteda Finance B.V.'s principal financial liabilities 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.

- Cashflow and 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.

Year ended 31 December 2018 (x € mln)

	On demand	< 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing loans and borrowings			300	746	700	1,746
Interest	-	-	31	86	53	170
Trade and other payables	-	-	-	-	-	-
	-	-	331	832	753	1,916

Year ended 31 December 2019 (x € mln)

	On demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Interest-bearing loans and borrowings	10	215	-	400	1,200	1,825
Interest	-	-	31	123	39	193
Deposits from tenants	19	-	-	-	-	19
Trade and other payables	10	31	-	-	-	41
	39	246	31	523	1,239	2,078

Estimated interest obligations for the revolving credit facility are based on the outstanding amount at year-end.

Fair value of financial Instruments

This section describes the comparison between the carrying amounts of Vesteda Finance B.V.'s financial instruments and their estimated fair values.

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

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

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

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

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

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

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

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

The financial instruments held by Vesteda Residential Fund FGR that are affected by market risk are principally the derivative financial instruments used to hedge interest risk on its loan portfolio. As per end-December 2019, Vesteda Residential Fund FGR had no derivative financial instruments outstanding.

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

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

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

According to the Fund's Terms and Conditions, Vesteda is required to hedge a minimum of 70% of existing interest rate exposure.

To manage its interest rate risk, Vesteda Residential Fund FGR can enter into interest rate swaps or fixed rate debt. With respect to the interest rate swaps, Vesteda agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as hedges of underlying debt obligations. Prior to the bond issue, Vesteda Residential Fund FGR arranged two interest rate swaps that were unwound at the date of the bond issue. As per December 2019, Vesteda Residential Fund FGR has no derivative financial instruments outstanding. At 31 December 2019, 88% of Vesteda's borrowings were subject to a fixed interest rate (2018: 80%).

Sensitivity analyses of market and interest rate risk

Vesteda performed an interest rate risk sensitivity scenario using an immediate increase of one percentage point in the interest rate curve as at 31 December 2019. The analysis was prepared on the basis that the amount of net debt and the ratio of fixed-to-floating interest rates of the debt are constant. As Vesteda Residential Fund FGR had no derivative financial instruments outstanding at the reporting date, interest rate risk sensitivity has no impact on equity or the fair value of derivative financial instruments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial instruments
The €1,300 million in senior public notes represented an equivalent fair value estimate of €1,376 million at year-end 2019.
The €200 million in senior private notes represented an equivalent fair value estimate of €210 million at year-end 2019.
The €100 million in senior notes privately placed under the EMTN program represented an equivalent fair value estimate of €112 million at year-end 2019.
The estimated fair value amounts are exclusive accrued interest.
The fair value of the senior public notes is determined on the basis of quoted prices, while the fair value of the senior private notes and the senior notes privately placed under the EMTN program is determined based on inputs other than quoted prices.

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

In 2019, there were several transactions between above mentioned entities. These transactions related to the lending activities and related interest charged. At the end of the year under review, the balance between Vesteda Finance B.V. and Custodian Vesteda Fund I B.V. amounted to €1,828,226,750.

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

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

Other notes

Taxes
Corporate income tax is charged to the other companies that form part of the fiscal unity, for VAT purposes as if they were independently liable to pay tax.

Subsequent events

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

At year-end 2019 there was ample headroom in the LTV and ICR covenants and we expect to have sufficient liquidity sources and headroom in our financial covenants to cover our funding needs in at least the next twelve months.

Remuneration members of the Managing Board
In 2019, the company was not charged amounts for the remuneration of members of the Managing Board.

Signing of the financial statements

Amsterdam, 18 March 2020

The Managing Board: Vesteda Investment Management B.V.

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

Other information

1. Profit appropriation according to the articles of association

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

17.1 The general meeting is authorised to appropriate the profit determined upon the adoption of the financial statements and to determine payments, with due observance of the provisions of the law.
17.2 The authority of the general meeting to determine payments applies to both payments charged to the not yet allocated profit and to payments charged to the only reserve, and to both payments upon the occasion of the adoption of the financial statements and interim payments.
17.3 A resolution to make a payment has no consequences as long as the Managing Board has not given its approval. The Managing Board may refuse to grant said approval if it knows or should reasonably be expected to predict that following said payment the company will be unable to continue to pay its outstanding debts.

2. Independent auditor’s report

Deloitte.

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Independent auditor's report

To the shareholders of Vesteda Finance B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2019 of Vesteda Finance B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Vesteda Finance B.V. as at 31 December 2019, and of its result for 2019 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 2019.

2. The statement of income for 2019.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Vesteda 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 €18,1 million. The materiality is based on 1% of external debt. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Committee that misstatements in excess of €905.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Emphasis of the impact of COVID-19 virus

The coronavirus (COVID-19) also impacts Vesteda Finance B.V. Management disclosed the current impact and her plans to deal with these events or circumstances on page 24 of the financial statements. Management indicates that it is currently not possible for them to properly estimate the impact of the coronavirus on the financial performance and health of Vesteda Finance B.V. Our opinion is not modified in respect of this matter.

Our key audit matters

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

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

Risk	Audit response
Counterparty credit risk	
The key objective of the entity is to finance the companies affiliated with the Vesteda Group and the execution of financial transactions on behalf of the Vesteda Group. The key risk for the entity is the ability of the Vesteda Group entities to meet the loan requirements such as loan compliance and repayment schemes.	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 REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains 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.

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 Committee 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.

Our responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

We communicate with the Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. 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 Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Amsterdam, 18 March 2020

Deloitte Accountants B.V.

Signed on the original: J. Holland