



# Article 10 disclosure



## Product disclosures

### (a) Summary

This document provides information as set out in article 10 of the Sustainable Finance Disclosure Regulation<sup>1</sup> and relates to the financial product: Vesteda Residential Fund (the "Fund"). The Fund does not have a sustainable investment objective, but does promote environmental/ social characteristics, being:

- Climate change mitigation: Greenhouse Gas Emissions
- Social: focus on affordable housing in the mid-rental market segment

### (b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

### (c) Environmental or social characteristics of the financial product

#### Environmental

Our sustainability targets are an integral part of our business plan and are therefore firmly embedded in our business operations. From a sustainability risk perspective we look at what risks are most material for Vesteda and where we have the most impact. These are for example transition risks (which consist of energy performance, carbon emission and circularity), physical climate risks (which consist among others of flooding due to levee breach, heat stress and flooding due to heavy rainfall) and social risks (which consist of affordability and health and wellbeing). These risks have been incorporated an ESG Framework which forms the basis of a sustainability scorecard which, when filled out, results in a sustainability impact score. The sustainability scorecard is used to assess potential new projects. If the sustainability impact score of a project does not meet a certain threshold, it will not be up for further consideration.

In case the potential investment meets the minimum ESG criteria, this will be included in the final investment proposal which will be put up for approval by the management board of the Fund's manager, and, depending on the consideration involved, the Supervisory Committee/ participants of the Fund.

#### Social

Finding an affordable home is a growing problem for middle-income households, especially for starters and families, in the Netherlands, in the economical attractive and dense cities. Affordability will continue to be a matter of national concern and will remain in the (political) spotlight. The only way to countermeasure existing shortages is to build more homes. However,

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<sup>1</sup> Regulation (EU) 2019/2088



we are still facing a scarcity of new locations, long lead times for developments and limited capacity to scale up building processes. We expect the regulated mid-rental segment to become a growing asset class. This regulated mid-market fits our strategy: affordable housing for middle-income tenants. Going forward, Vesteda will increase its focus on the regulated mid-market rental segment, to increase the share of affordable housing with an attractive risk/return profile in the portfolio. This new regulated product may exceed 50% of the annual acquisition volume in terms of value, but will not exceed 10% of the total portfolio in terms of value.

**(d) Investment strategy**

Refer to c) above.

The committed minimum rate to reduce the scope of the investments:

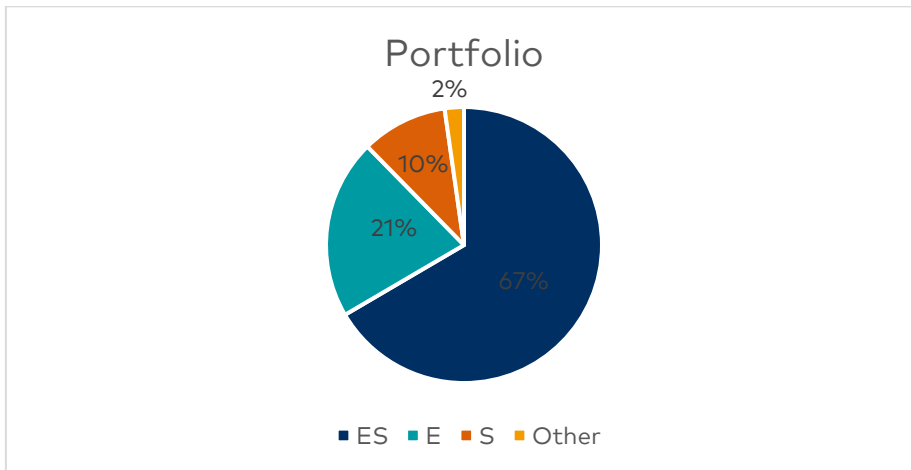
- in 2021 91% (in 2024 99%) of Vesteda's properties have green energy labels
- reducing carbon emissions; in 2030 Vesteda wants to have reduced its carbon footprint by 49%, and in 2050 by 95% in comparison to 1990m
- maintain and/or increase Vesteda's exposure to (regulated) mid-market homes in primary regions.

It is noted that, due to the fact that Vesteda only invests in real assets, and not in investee companies, Vesteda does not apply a policy to assess good governance practices of investee companies (including with respect to sound management structures, employee relations, remuneration of staff and tax compliance).

**(e) Proportion of investments**

Vesteda's investments solely comprise real assets, no investments in investee companies.

Vesteda's portfolio comprises of:



E: % of Vesteda's portfolio with energy label A, B or C

S: % of Vesteda's portfolio with a monthly rent < EUR 1200

ES: % of Vesteda's portfolio with energy label A, B or C, which has a monthly rent < EUR 1200



**(f) Monitoring of environmental or social characteristics**

The reporting and monitoring phase takes place after project completion. At this stage the property is finished, rented out and operated. Vesteda monitors the performance and impact of sustainability factors. This is conducted by gathering data from the properties, taking questionnaires from our tenants and perform property performance tests. These results are reported in the several benchmarks and such as GRESB and UN PFI.

**(g) Methodologies**

The sustainability indicators that are applied are:

- carbon emissions: in relation to the portfolio and in line with GRESB: scope 1 direct = gas of communal spaces / scope 2 indirect = electricity and heating of communal spaces / scope 3 = emissions that are outside the control, e.g. energy consumption of Vesteda's tenants (gas, electricity and heating).
- carbon footprint: this regards Vesteda's own management organization as Vesteda does not have investee companies
- share of non-renewable energy consumption: Vesteda does not invest in investee companies. As such, this metric provided as to reflect the energy consumption of only landlord controlled assets. The data coverage represents the m2 of which energy consumption data are available compared to the total m2 of our portfolio.
- biodiversity: when purchasing real estate assets, contracts are always entered into under the condition that the constructor/ developer obtains all required permits prior to construction Part of the permit process is assessing whether the project is in line with the Dutch "Flora en Faunawet", which focuses on the conservation of indigenous plant- and wildlife species. The IUCN Red List is incorporated therein.
- exposure to energy-inefficient real estate assets
- share of securities not certified as green under a future EU act setting up an EU Green Bond Standard

**(h) Data sources and processing**

*This section will be updated pending the rollout of further EU regulations and technical standards.*

**(i) Limitations to methodologies and data**

*This section will be updated pending the rollout of further EU regulations and technical standards.*

**(j) Due diligence**

See c) above.



**(k) Engagement policies**

The Fund does not invest in investee companies, solely in real assets. As such, no engagement policy is in place.

**(l) Designated reference benchmark**

No designated reference benchmark is applicable.

The Fund's ESG performance is measured against the Global Real Estate Sustainability (GRESB) benchmark. Even though the GRESB is a worldwide accepted benchmark for sustainability performance of real assets, the GRESB assessment and benchmark are currently not compliant with the EU benchmark regulation