



## Vesteda Finance B.V.

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

**€1,500,000,000**

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

Under the Guaranteed Euro Medium Term Note Programme described in this Prospectus (the **Programme**), Vesteda Finance B.V. (the **Issuer**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Guaranteed Euro Medium Term Notes guaranteed by each of Custodian Vesteda Fund I B.V. and Custodian Vesteda Fund III B.V. (the **Guarantees** and the **Guarantors** respectively) (the **Notes**). The expression "Guarantors" shall include each additional person who becomes a Guarantor pursuant to a deed of guarantee dated 3 July 2014 (the **Deed of Guarantee**). The aggregate nominal amount of Notes outstanding will not at any time exceed €1,500,000,000 (or the equivalent in other currencies).

The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**), in its capacity as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the **Wft**) relating to prospectuses for securities, has approved this Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**)) to the extent that such amendments have been implemented in the relevant Member States of the European Economic Area (the **Prospectus Directive**). Application may be made to Euronext Amsterdam N.V. (**Euronext**) for Notes issued under the Programme to be listed on Euronext in Amsterdam (**Euronext Amsterdam**). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been listed and admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC (the *Markets in Financial Instruments Directive*, **MiFID**). However, unlisted Notes may also be issued pursuant to the Programme and application may be made to other exchanges for Notes issued under the Programme to be listed on such other exchanges. The relevant Final Terms (as defined in "Overview of the Programme – Method of Issue") in respect of the issue of any Notes will specify whether or not an application will be made for such Notes to be listed on Euronext Amsterdam or on any other exchange.

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

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

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

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

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

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

#### **Arranger for the Programme**

**ABN AMRO**

#### **Dealers**

**ABN AMRO**

**BNP PARIBAS**

**RABOBANK INTERNATIONAL**

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

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

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

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

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

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

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

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

**In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

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

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## RISK FACTORS

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

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

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

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

#### **A. BUSINESS RISKS**

##### *Issuer / Guarantors Structure*

The Issuer is dependent on the Guarantors and other entities of the Vesteda Residential Fund, an open-ended fund for the joint account of the participants (*fonds voor gemene rekening*) under Dutch law (the **Fund**). Pursuant to the terms and conditions of the Fund (the **Fund Terms and Conditions**) Vesteda Investment Management B.V. acts as fund manager of the Fund (the **Fund Manager**). The Fund Manager is *inter alia* responsible for day-to-day operations and implementation of strategy of the Fund.

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

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

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

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

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

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

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

#### *General*

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

#### *Economic Developments*

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

The ability to attract the appropriate types and numbers of tenants paying rent levels will be dependent, among other things, on the performance generally of the real property market. Rental revenues and values are sensitive to such factors which can sometimes result in rapid, substantial increases and decreases in rental and valuation levels. Any resulting decline in market value may adversely affect the ability of the Issuer to meet its obligations under its financing arrangements, including the Notes.

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

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

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

### *Competition*

The Fund is one of the largest private residential funds in the Netherlands, acquiring, developing, managing, letting and selling residential properties currently located in the Netherlands. In the low-rent sector and the medium-rent sector, the housing associations are the largest landlords in the Netherlands by social and community goals. However, the Fund's Properties fall predominantly in the medium to high-rent sector. An increase in competition could, for example, have an impact on the rental income available to the Fund and the value of its Properties, which could affect the Issuer's ability to make payments under its financing arrangements, including the Notes.

### *Strategy*

The strategy of the Fund is based on certain assumptions relating to, inter alia, economic conditions, market for rental properties, and demographic conditions in the Netherlands. Although the Fund has no reason to believe that these assumptions are inappropriate, it cannot be excluded that these assumptions turn out to be incorrect. This could, for example, have an impact on the rental income available to the Fund and the value of its Properties, which could affect the Issuer's ability to make payments under its financing arrangements, including the Notes.

### *Operations / Property Management*

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

### *Service Providers*

The Fund employs and works together with a large number of service providers, including energy providers and providers of minor repairs and maintenance services and therefore depends on their performance. No assurance can be given that such services will be rendered in a timely manner or that their quality will comply with the Fund's requirements. Moreover, certain contractors may experience operational or solvency issues and certain services may become unavailable to the Fund as a result. Any failures by contractors may result in delays and additional expenses for the Fund which could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### *IT Systems*

The Fund's information technology systems are essential for its business operations and success. Any interruptions in, failures of, or damage to its information technology systems could lead to delays or interruptions in the Fund's business processes. Any malfunction or impairment of the Fund's computer systems could interrupt its operations, lead to increased costs, and may result in lost revenue. The materialization of one or more of these risks could have material adverse effects on the Fund's business and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### *Insurance*

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

In addition, the Fund's insurance providers could become insolvent. Should an uninsured loss or a loss in excess of the Fund's insurance limits occur, the Fund could lose capital invested in the affected Property as well as anticipated income and capital appreciation from that Property. Moreover, the Fund may incur further costs to repair damage caused by uninsured risks. The Fund could also be held liable for any debt or other financial obligation related to such a Property. Thus, the Fund may experience material losses in excess of insurance proceeds, which could have a material adverse effect on the Fund's business, net assets, financial condition, cash flow, and results of operations.



If an uninsured or uninsurable loss were to occur, the Issuer might not have sufficient funds to repay in full all amounts owing under its financing arrangements, including the Notes.

## B. REGULATORY RISKS

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

### *Regulatory framework for leasing residential properties*

The Fund's business is subject to the general legal climate in the Netherlands. Any disadvantageous changes in the legal climate, such as mandatory environmental modernization provisions, restrictions regarding modernization measures or provisions (including taxes) that result in the incurrence of costs in the event of a Property sale may be detrimental to the Fund and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

### *Rent restriction*

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

## C. ENVIRONMENTAL RISKS

### *Pollution*

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

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

#### *Environmental regulatory framework*

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

#### **D. FINANCIAL RISKS**

##### *Financial markets / Refinancing Risk*

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

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

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

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

##### *Interest rates*

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

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

##### *Covenant Risk*

The Fund's lenders and Noteholders are entitled to terminate their financing agreements if the Fund companies breach material provisions under their respective financing agreements and are not in a position to cure such breaches. The loan agreements and Notes require, in particular, that the Fund complies with certain financial covenants, such as a maximum LTV-Ratio and minimum debt-service or interest cover ratios. A failure to

comply with such financial covenants or other material provisions of the financing agreements and the terms and conditions of Notes could have severe consequences, including but not limited to termination of the applicable financing agreements. This could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Counterparty Risk*

The Fund's counterparties, in particular its hedging counterparties, may not be able to fulfil their obligations under the respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons.

#### *Credit Rating*

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

If the Fund were to lose its investment grade rating, future issuances of notes may become significantly more expensive or may not be possible in the targeted amounts. Standard & Poor's could downgrade the Fund if, for example, the Fund's interest coverage ratio, i.e. earnings before interest, taxes, depreciation and amortisation (**EBITDA**) divided by the Fund's interest expenses, falls to less than 2.4 or the Fund were unable to render sufficient values of its assets unencumbered or if the residential real estate market in Netherlands deteriorates.

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

### **E. PORTFOLIO AND VALUATION**

#### *Age of Portfolio*

The Properties owned by the Fund have an average age of approximately 21 years (age of the buildings as of 31 December 2013 weighted by market value) which may lead to additional need for expensive maintenance and modernization measures. The projected cost of such measures is based on the assumption that the required permits are issued promptly and in accordance with the Fund's plans. It is possible, however, that the required permits for such measures will not always be issued promptly. If such permits are not issued promptly, or are issued only subject to conditions, substantial delays in addressing the concerns can occur and can result in costs exceeding those projected and reduce rental income for the relevant Properties. This could have material adverse effects on the Fund's net assets, financial condition, cash flow, and results of operations and could eventually impair the ability of the Issuer and the Guarantors to meet their obligations arising from the Notes and the Guarantee, respectively, towards the Noteholders.

#### *Portfolio liquidity*

Deterioration of market circumstances may have a negative impact on the volume of sales transactions and therefore adversely impact revenue from sales from disposals and the result on disposals. In addition to this price erosion of prices for residential properties will adversely impact revenue from sales from disposals and

the result on disposals. Such a negative change in market conditions may be related to a shift in general economic circumstances. Also, a change in the regulatory framework or fiscal law may cause such negative impact.

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

#### *Property Sales*

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

#### *Individual Sales*

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

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

#### *Valuations*

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

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

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

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

The valuations of the Properties express the professional opinion of the relevant valuers on the relevant Property and are not guarantees of present or future value in respect of such Property. One valuer may, in respect of any Property, reach a different conclusion than the conclusion in relation to a particular Property that would be reached if a different valuer were appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing Property owner. As the market value of the Properties fluctuates, there is no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Issuer's financing arrangements, including the Notes.

#### *Acquisitions*

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

However, the supply of real estate portfolios might be limited, for example due to fewer sales of real estate portfolios by housing corporations and developers. As a result, the restricted supply could increase competition for acquisitions that would be suitable for the Fund and result in the prices of residential properties on the Dutch market to increase. As a consequence of these factors, the Fund could be forced to pay higher prices or could only be able to acquire fewer (if any) properties.

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

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

Furthermore, the Fund may not at all times be able to conduct a full due diligence on the properties, entities or companies in question. Accordingly, the Fund may not be in a position to examine whether the original owners of the properties, and/or the properties themselves, have obtained all required permits for new buildings, satisfied all permit conditions, received all necessary licenses and fire, health and safety certificates, or satisfied all comparable requirements. In addition, the properties may suffer from hidden defects, such as

contamination, and may thus require significant modernization investments. Accordingly, in the course of the acquisition of companies or residential and other property portfolios, specific risks may not be, or might not have been, recognized or evaluated correctly. Thus, legal and/or economic liabilities may be, or might have been, overlooked or misjudged. Although sellers typically make various warranties in purchase agreements that the Fund enters into in connection with such property acquisitions, it is possible that these warranties do not cover all risks or that they fail to cover such risks sufficiently. Additionally, a warranty made by a seller may be unenforceable due to the seller's insolvency or for other reasons.

Moreover, properties or portfolios of properties that may be acquired in the future may not develop as favourably as expected. For example, targeted rent of portfolios increases may not be implemented as planned due to a lack of tenants who are willing or able to pay increased rents, or vacancy rates may increase, for example due to unfavourable demographic or economic developments.

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

## **F. STRUCTURAL RISKS**

### *Distributions*

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

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

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

## **G. TAX RISKS**

### *Tax Status of the Fund*

#### *Introduction*

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

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

### *Taxation of the Fund*

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

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

Since the Fund is no legal person (*rechtspersoon*), the Fund itself cannot be the legal and/or beneficial owner of property. As a result, the Fund itself is transparent for Dutch real estate transfer tax purposes and in that capacity not liable for real estate transfer tax. The legal ownership of the Fund's Properties is held by separate legal persons, including but not limited to the Guarantors, in their capacity of custodians for the Fund.

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

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

If the Fund should lose its tax transparency, this would make the Fund an entity liable to Dutch corporate income tax. The Dutch corporate income tax rate for 2014 is 20% for the first €200,000 of taxable income and 25% for taxable income exceeding €200,000.

In addition, loss of tax transparency would make the Fund liable to dividend withholding tax on distributions. The statutory Dutch dividend withholding tax rate is 15%.

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

### *Taxation of the Issuer*

The Issuer, acting as the financing company for the Fund, is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands. As such, the Issuer is deemed to carry out a business undertaking by law and is subject to Dutch corporate income tax on its worldwide income.

Dutch corporate income tax is levied on the taxable profits made in a year less deductible expenses, i.e. the net taxable income of the Issuer. It is agreed in an advance pricing agreement concluded with the Dutch tax authorities that the net taxable income of the Issuer will consist of the (handling) fee earned by the Issuer for its intercompany financing activities minus deductible expenses allocable to the intercompany financing

activities. In principle, the (handling) fee is calculated as a fixed percentage rate that is added to the interest rate on the outstanding loan amounts of the Issuer.

The Dutch corporate income tax rate for 2014 is 20% for the first €200,000 of taxable income and 25% for taxable income exceeding €200,000. The Issuer is not included in a fiscal unity for corporate income tax and is therefore individually taxed.

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

#### *Taxation of the Guarantors*

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

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

The Dutch corporate income tax rate for 2014 is 20% for the first €200,000 of taxable income and 25% for taxable income exceeding €200,000. The Guarantors are not included in a fiscal unity for corporate income tax and are therefore individually taxed.

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

Both the Fund Manager and Vesteda Project Development B.V. are private limited liability companies (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands. As such, both entities are deemed to carry out a business undertaking by law and are subject to Dutch corporate income tax on their worldwide income. Dutch corporate income tax is levied on the taxable profits made in a year less deductible expenses i.e. the net taxable income.

The Dutch corporate income tax rate for 2014 is 20% for the first €200,000 of taxable income and 25% for taxable income exceeding €200,000. The Fund Manager and Vesteda Project Development B.V. are not included in a fiscal unity for corporate income tax and are therefore individually taxed.

Stichting Administratiekantoor Vesteda is not considered a taxpayer for Dutch corporate income tax purposes. This has been confirmed by Dutch tax authorities in a private letter ruling.

#### *VAT aspects of the Fund*

The Fund together with Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V., Custodian Vesteda Fund IV B.V., Custodian Vesteda Fund V B.V., the Fund Manager, Vesteda Project Development B.V. and two subsidiaries of Vesteda Project Development B.V. (Gordiaan Vastgoed B.V. and H.O.G. Heerlen Onroerend Goed B.V.) can be considered one VAT entrepreneur (VAT fiscal unity, the **VAT Fiscal Unity**). This has been confirmed by the Dutch tax authorities. The VAT Fiscal Unity will at least continue to exist until January 2016. After this date, the services provided by the Fund Manager to the



Fund may become subject to value added tax as provided for in the Dutch Value Added Tax Act 1968 (*Wet op de omzetbelasting 1968*) and any other tax of a similar nature (**VAT**), unless exemptions are applicable. This may result in an additional risk for the Guarantors which may affect their ability to repay certain intercompany loans granted by the Issuer to each of the Guarantors and hence the Issuer's ability to repay the Notes.

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

#### *Tax Indemnification*

To further mitigate the risk that the Fund Manager, the Fund, Stichting DRF I and Custodian Vesteda Fund IV B.V. are held liable by the Dutch tax authorities in respect of VAT liabilities incurred by Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V., Custodian Vesteda Fund V B.V. or Vesteda Project Development B.V., these entities have entered into an indemnification agreement pursuant to which Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V., Custodian Vesteda Fund V B.V. and Vesteda Project Development B.V. will indemnify the Fund, the Fund Manager, Stichting DRF I and Custodian Vesteda Fund IV B.V. for all VAT liabilities (including interest, penalties and costs) relating to Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V., Custodian Vesteda Fund V B.V. and Vesteda Project Development B.V., respectively. The Fund Manager will indemnify the Guarantors for any residual liability that may arise as a consequence of the termination of the VAT Fiscal Unity.

In addition, a blocked account structure has been implemented pursuant to which on a monthly basis Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V. and Custodian Vesteda Fund V B.V. will deposit amounts so that following such deposit the amount standing to the credit of the blocked account is at least equal to the highest monthly amount of VAT payable in respect of Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V. and Custodian Vesteda Fund V B.V. calculated over the next six month period.

Furthermore a disclosed first right of pledge over any and all rights, interest and title in and to the blocked account has been granted for the benefit of the Fund Manager.

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

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

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

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

As per 1 January 2014, the acquisition or expansion of an interest in a real estate entity not being a legal person is not subject to real estate transfer tax provided that an interest of less than one third is acquired by a participant together with interests held by related parties of that participant, whereby the Fund qualifies as an investment fund as defined in the Wft.

#### *Local real estate taxes*

The Fund is subject to municipal property tax (*onroerende-zaakbelasting*). The municipal property tax is in fact charged to the Guarantors as the legal owner of the Property. This annual property tax (hereinafter referred to as **Ozb**) includes an owner tax and, only in case of non-residential property, an user tax. The tax, set by the municipal tax authorities, is calculated as a percentage of the value of the property, which value is determined in accordance with the Valuation of Immovable Property Act (*Wet waardering onroerende zaken*) (hereinafter referred to as WOZ-value).

The WOZ-value is determined by the municipal tax authorities annually, based on the assumption that the respective property is freehold and free of lease. The decision concerned is open to appeal. The average Ozb-rate for owners of property is 0.1050% (2014).

#### *Landlord taxation*

The Fund is subject to a so-called ‘Landlord Levy’ (*verhuurderheffing*), which levy applies since 1 January 2013. The Landlord Levy only regards the ownership of residential property in the regulated sector (this means a monthly rent below EUR 699.48 (2014)). The levy amounts to 0.381% for 2014 of the WOZ-value of each property in the regulated sector. This percentage shall be annually increased up to 0.536% in 2017.

#### *AIFMD license*

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

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

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

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

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

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

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

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

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

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

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

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

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

***Fixed/Floating Rate Notes***

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

floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

*Notes issued at a substantial discount or premium*

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

*Notes in New Global Note form*

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

*Notes where denominations involve integral multiples*

In relation to any issue of Notes which have denominations consisting of €100,000 (or its equivalent) plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 (or its equivalent) in his account with the relevant clearing system at the relevant time will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its aggregate holding amounts to €100,000 (or its equivalent) in order to receive such a definitive Note.

If definitive Notes are issued, holders should be aware that definitive notes which have a denomination that is not an integral multiple of €100,000 (or its equivalent) may be illiquid and difficult to trade.

***Risks related to Notes generally***

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

*Modification and waivers*

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

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

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

#### *Change of law*

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

#### *Withholding under the EU Savings Directive*

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. In order to allow a Noteholder to receive interest without withholding tax under the Directive, the Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

### *The proposed financial transactions tax (FTT)*

On 14 February 2013, the European Commission has published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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

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

#### *No gross-up*

Under the Terms and Conditions of the Notes, all payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for, or on account of, any withholding taxes imposed by the Netherlands (or any political subdivision or any authority in the Netherlands having power to tax) unless such withholding or deduction is required by law, in which case such withholding or deduction will be made by the Issuer.

In the event that any such withholding or deduction is required by law, the Issuer will make the required withholding or deduction of such taxes, however, as specified in the applicable Final Terms, the Issuer may not be obliged to pay any additional amounts to the holders of the Notes.

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

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

##### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

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

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

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

##### *Interest rate risks*

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

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

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

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

*Legal investment considerations may restrict certain investments*

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



## OVERVIEW OF THE PROGRAMME

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

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

**Issuer:** Vesteda Finance B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at Claude Debussylaan 15, 1082 MC Amsterdam, The Netherlands and registered with the Commercial Register (*Handelsregister*) of the Chamber of Commerce under number 55723322 (the **Issuer**).

**Guarantors:** Custodian Vesteda Fund I B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at Claude Debussylaan 15, 1082 MC Amsterdam, The Netherlands and registered with the Commercial Register (*Handelsregister*) of the Chamber of Commerce under number 56605838, and

Custodian Vesteda Fund III B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered office at Claude Debussylaan 15, 1082 MC Amsterdam, The Netherlands and registered with the Commercial Register (*Handelsregister*) of the Chamber of Commerce under number 56605927 (each a **Guarantor** and together the **Guarantors**).

**Description:** Guaranteed Euro Medium Term Note Programme.

**Risk Factors:** There are certain factors that may affect the ability of the Issuer and the Guarantors to fulfil their respective obligations under Notes issued under the Programme. These include the fact that the Fund's results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market,

liquidity, legal risks and certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. See "*Risk Factors*".

**Arranger:** ABN AMRO Bank N.V.

**Dealers:** ABN AMRO Bank N.V., BNP Paribas and Rabobank International

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme.

**Fiscal Agent:** BNP Paribas Securities Services, Luxembourg branch.

**Paying Agent:** BNP Paribas Securities Services, Luxembourg branch.

**Listing Agent:** BNP Paribas Securities Services, Amsterdam branch.

**Listing and Trading:** Applications have been made to Euronext Amsterdam N.V. for the Notes to be admitted during the period of twelve months after the date hereof to listing and trading on NYSE Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V. The Notes may also be listed on further stock exchange(s) and/or markets as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series. Notes issued under the Programme may also be unlisted.

The applicable Final Terms will state whether the relevant Notes are to be listed, quoted and/or traded and, if so, on or by which competent listing authority(ies) or stock exchange(s) and/or quotation system(s).

**Clearing Systems:** Euroclear and/or Clearstream, Luxembourg, Euroclear Netherlands and/or any other clearing system as may be specified in the relevant Final Terms.

**Programme Size:** Up to EUR 1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a **Series**) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a **Tranche**) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the **Final Terms**).

<b>Issuance in Series:</b>	<p>The Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.</p>
<b>Forms of Notes:</b>	<p>Notes may only be issued in bearer form.</p> <p>Each Tranche of bearer Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Note.</p> <p>Each Temporary Global Note (i) which is intended to be issued in NGN form, as specified in the applicable Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg or (ii) which is not intended to be issued in NGN form may be deposited on or around the relevant Issue Date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or for any other agreed clearing system or with Euroclear Netherlands. A Temporary Global Note will be exchangeable as described therein for a Permanent Global Note or, if so specified in the applicable Final Terms, for Definitive Notes. A Permanent Global Note is exchangeable for Definitive Notes in accordance with its terms, all as described in "<i>Form of Notes</i>" below.</p>
<b>Specified Currencies:</b>	<p>Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).</p>
<b>Status of the Notes:</b>	<p>The Notes will constitute unsecured and unsubordinated obligations of the Issuer, and will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, save for any obligations preferred by a mandatory operation of applicable law.</p>
<b>Status of the Guarantee:</b>	<p>The Notes will be unconditionally and irrevocably guaranteed by the Guarantors, on an unsubordinated basis.</p>
<b>Issue Price:</b>	<p>Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.</p>
<b>Maturities:</b>	<p>Any maturity as may be agreed between the Issuer and the relevant Dealer(s) of not less than one year, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.</p>

<b>Redemption:</b>	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.
<b>Optional Redemption:</b>	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
<b>Tax Redemption:</b>	Except as described in " <i>Optional Redemption</i> " above, early redemption will only be permitted for tax reasons as described in Condition 9 ( <i>Redemption and Purchase - Redemption for tax reasons</i> ).
<b>Interest:</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
<b>Denominations:</b>	Notes will be issued in such denominations as may be specified in the relevant Final Terms, save that Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be issued with a minimum denomination of €100,000 or its equivalent in another currency.
<b>Negative Pledge:</b>	The Notes will have the benefit of a negative pledge as described in Condition 5 ( <i>Covenants</i> ).
<b>Cross Default:</b>	The Notes will have the benefit of a cross default as described in Condition 12 ( <i>Events of Default</i> ).
<b>Taxation:</b>	All payments in respect of the Notes will be made without withholding or deduction of taxes imposed by any Tax Jurisdiction, subject to certain exemptions. In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted or, if the Issuer elects, it may redeem the Series affected.
<b>Governing Law:</b>	Dutch law.
<b>Ratings:</b>	Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is

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

**Selling Restrictions:**

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

**Distribution:**

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

## **SUPPLEMENTARY PROSPECTUS**

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

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

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the articles of association (*statuten*) of the Issuer and the Guarantors, including the translations thereof;
- (b) the auditors' report and audited non-consolidated annual financial statements for the financial year ended 2012 and 2013 of the Issuer;
- (c) the auditors' report and audited non-consolidated annual financial statements for the financial year ended 2013 of each of the Guarantors;
- (d) the auditors' report and audited consolidated annual financial statements for the financial year ended 2012 and 2013 of the Fund; and
- (e) an investor presentation prepared by Vesteda Investment Management B.V. of July 2014 in relation to the Programme.

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

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

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

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

## TERMS AND CONDITIONS OF THE NOTES

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

### 1. Introduction

- (a) *Programme:* Vesteda Finance B.V. (the **Issuer**) has established a Euro Medium Term Note Programme (the **Programme**) for the issuance of up to EUR 1,500,000,000 in aggregate principal amount of notes (the **Notes**) guaranteed by Custodian Vesteda Fund I B.V. (**CVF I**) and Custodian Vesteda Fund III B.V. (**CVF III**) (together the **Original Guarantors** and each an **Original Guarantor** and the expression **Guarantors**" shall include each additional person who becomes a Guarantor pursuant to the Deed of Guarantee (as defined below)).
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes. Each Tranche is the subject of a final terms (the **Final Terms**) which supplements these terms and conditions (the **Conditions**). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 3 July 2014 (the **Agency Agreement**) between the Issuer, the Guarantors, BNP Paribas Securities Services, Luxembourg branch, as fiscal agent (the **Fiscal Agent**), which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *Deed of Guarantee:* The Notes are the subject of a deed of guarantee dated 3 July 2014 (the **Deed of Guarantee**) entered into by the Guarantors.
- (e) *The Notes:* All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the registered office of the Issuer at Claude Debussylaan 15, 1082MC Amsterdam, The Netherlands and [www.vesteda.com](http://www.vesteda.com) and copies may be obtained from the registered office of the Issuer at Claude Debussylaan 15, 1082MC Amsterdam, The Netherlands.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and are subject to their detailed provisions. The holders of the Notes (the **Noteholders**) and the holders of the related interest coupons, if any, (the **Couponholders** and the **Coupons**, respectively) are bound by, and are entitled to the benefit of, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 2. Definitions and Interpretation

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

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

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



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

**Business Day** means:

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**New Holding Company** means any direct or indirect shareholder of the Issuer incorporated in connection with a corporate restructuring of the Group;

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

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

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

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

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

**Payment Business Day** means:

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

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

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

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

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

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

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

**Redemption Amount** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the

Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

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

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

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

**Regular Period** means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) *Interpretation:* In these Conditions:

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



- (viii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

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

4. **Status and Guarantee**

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

5. **Covenants**

- (a) *Negative Pledge:* So long as any Note remains outstanding, neither the Issuer nor any of the Guarantors shall, and the Issuer and the Guarantors shall procure that none of their respective Subsidiaries will, create or permit to subsist any Security upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.
- (b) *Financial Covenants:* So long as any Note remains outstanding, the Issuer shall ensure that at any time:
- (i) the ratio of the EBITDA to Total Interest shall not be less than 1.8:1;
- (ii) the Loan to Value Ratio shall not exceed 50 per cent.; and
- (iii) the Unencumbered Assets Ratio shall be at least equal to and not less than 200 per cent.
- (c) *Additional Guarantors:* The Issuer shall procure that:
- (i) as soon as practically possible after the completion of the Term Loan A4 Refinancing but in any event no later than 15 business days after such completion, Custodian Vesteda Fund IV B.V. shall accede to the Deed of Guarantee as an additional Guarantor; and

- (ii) as soon as practically possible after the Issuer has become a (direct or indirect) Subsidiary of the New Holding Company but in any event no later than 15 business days thereafter, the New Holding Company shall accede to the Deed of Guarantee as an additional Guarantor.

This Condition 5 (c) constitutes a third party stipulation (*derdenbeding*) for the benefit of the Noteholders and each Noteholder will be deemed to have accepted such stipulation in advance (*bij voorbaat*).

- (d) *Encumbrance of Group Assets*: After 30 September 2015 and for so long as any Note remains outstanding, the Issuer shall ensure that the Encumbered Assets Ratio shall not exceed 30 per cent.
- (e) *Definitions*

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

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

**Custodian** means a custodian (*bewaarder*) of the Fund, as at the date hereof, including Custodian Vesteda Fund I B.V., Custodian Vesteda Fund II B.V., Custodian Vesteda Fund III B.V., Custodian Vesteda Fund IV B.V. and Custodian Vesteda Fund V B.V.;

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

- (a) any amount attributable to amortisation of goodwill, or other intangible assets and any deduction for depreciation;
- (b) the amortisation or the writing off of costs associated with any Notes issued under this Programme (including costs written off as a result of the prepayment of existing indebtedness and the financing costs associated therewith);
- (c) fair value adjustments and other non cash provisions;
- (d) any losses or gains arising from the sale of any Property;
- (e) items treated as extraordinary income/charges under the Vesteda Accounting Principles; and
- (f) any amount attributable to the writing up or writing down of any assets of the Group after 31 December 2013;

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

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

**Financial Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount raised by the issue of redeemable shares which are classified as borrowings under the Vesteda Accounting Principles;
- (i) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;

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

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

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

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

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

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

**Secured Financial Indebtedness** means that portion of the aggregate principal amount of all outstanding Financial Indebtedness of the Issuer and the Guarantors that is subject to Security on any Properties or other assets of the Issuer and the Guarantors;

**Term Loan A4 Refinancing** means the refinancing of the term a4 facility granted by Vesteda Residential Funding II B.V. on 20 July 2005 by way of senior unsecured debt;

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

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

**Unencumbered Assets** means the aggregate Book Value of the Total Assets of the Issuer and the Guarantors that are not subject to any security determined in accordance with the Vesteda Accounting Principles;

**Unencumbered Assets Ratio** means the ratio of (i) the Unencumbered Assets to (ii) the Unsecured Financial Indebtedness;

**Unsecured Financial Indebtedness** means that portion of the aggregate principal amount of all outstanding Financial Indebtedness of the Issuer and the Guarantors that is not Secured Financial Indebtedness; and

**Vesteda Accounting Principles** means the accounting principles, standards, conventions and practices, from time to time and at any time generally accepted in The Netherlands, and which implement the requirements of Dutch Civil Code, GAAP and of any other legislation or regulation, compliance with which is required by law in connection with the preparation of accounts of the Fund, or compliance with which is generally adopted and practised by companies such as the Fund in The Netherlands in effect from time to time and consistently applied by the Fund.

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

6. **Fixed Rate Note Provisions**

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

7. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,
- and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.
- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

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

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

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

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

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

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

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

additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

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

- (c) *(A) Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

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

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

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

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

In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in



the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

If the Put Option – Change of Control is specified in the applicable Final Terms, the following provisions will apply. If there occurs a Change of Control (as defined below) and within the Change of Control Period (as defined below) a Rating Downgrade (as defined below) in respect of that Change of Control occurs (together called a **Put Event**), the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes under Condition 9(b) (*Redemption for Tax Reasons*)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at its nominal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date.

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

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

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

- (a) at each time any participant or participants in the Fund ('Relevant Participant(s)') acting in concert or any person or persons acting on behalf of any such Relevant Participant(s), at any time acquire(s) or hold(s) more than 50 per cent. of the voting rights exercisable in the Fund; or
- (b) at each time (whether or not approved by the Management Board of the Issuer) that any person or persons ('Relevant Person(s)') acting in concert or any person or persons acting on behalf of any such Relevant Person(s) (other than the New Holding Company or STAK), at any time directly or indirectly acquire(s) or come(s) to own (A) more than 50 per cent. of the issued ordinary share

capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of shareholders of the Issuer.

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

The **Optional Redemption Date** is the seventh day after the last day of the Put Period.

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

In order to exercise the option contained in this Condition 9(e) in relation to a Change of Control, the holder of a Note must deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent, on any Business Day falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

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

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

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

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

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

as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer, the Fiscal Agent and such other parties as may be specified in the Final Terms.

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

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

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

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

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

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

**Similar Security** means a reference bond or reference bonds issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

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

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

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

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

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

10. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
  - (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
  - (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
  - (d) *Payments subject to laws:* All payments in respect of the Notes are subject in all cases to any applicable tax or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
  - (e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
    - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
    - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
      - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
      - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.
- Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.
- (f) *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or

early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 11. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or any of the Guarantors shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) any of the Guarantors shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
  - (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
  - (iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

The Issuer or any of the Guarantors shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another

jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (**FATCA withholding**) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer or any of the Guarantors not being entitled to receive payments free of FATCA withholding. Neither the Issuer, or any of the Guarantors, the Paying Agent nor any other person will be required to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party.

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

## 12. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment of principal:* the Issuer fails to pay any amount of principal in respect of the Notes within 7 days of the due date for payment thereof; or
- (b) *Non-payment of interest:* the Issuer fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or
- (c) *Breach of Covenants:* any of the ratio of the EBITDA to Total Interest, the Loan to Value Ratio, the Unencumbered Assets Ratio or the Encumbered Assets Ratio (each as specified in Condition 5(b) (*Financial Covenants*)) is not met for a period of 45 days following the Relevant Financial Covenant Test Date; or
- (d) *Breach of other obligations:* the Issuer or any of the Guarantors defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantors by any Noteholder, has been delivered to the Issuer and the Guarantors or to the Specified Office of the Fiscal Agent; or
- (e) *Cross-default of Issuer, Guarantors or Subsidiary:*
  - (i) any Indebtedness of any entity within the Group (excluding Vesteda Project Development B.V.) is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the relevant entity within the Group (excluding Vesteda Project Development B.V.) or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
  - (iii) any entity within the Group (excluding Vesteda Project Development B.V.) fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

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

- (f) *Unsatisfied judgment:* one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of any amount/an aggregate amount in excess of EUR 50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, any of the Guarantors or any of their respective Subsidiaries and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (g) *Insolvency etc:* (i) suspension of payments (*surseance van betaling*) or bankruptcy (*faillissement*) proceedings are initiated or applied for by the Issuer, any of the Guarantors, any of their respective Subsidiaries or a third party and, in the case of a third party application, not discharged within 45 days, (ii)

the Issuer, any of the Guarantors or any of their respective Subsidiaries are declared bankrupt or a suspension of payments is declared, (iii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, any of the Guarantors or any of their respective Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, any of the Guarantors or any of their respective Subsidiaries, (iv) the Issuer, any of the Guarantors or any of their respective Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (v) the Issuer, any of the Guarantors or any of their respective Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of any of the Guarantors, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

- (h) *Winding up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, any of the Guarantors or any of their respective Subsidiaries (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of any of the Guarantors, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (i) *Analogous event:* any event occurs which under the laws of The Netherlands has an analogous effect to any of the events referred to in paragraphs (f) to (h) above; or
- (j) *Failure to take action etc:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and any of the Guarantors lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Deed of Guarantee admissible in evidence in the courts of The Netherlands is not taken, fulfilled or done; or
- (k) *Unlawfulness:* it is or will become unlawful for the Issuer or any of the Guarantors to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Guarantee; or
- (l) *Guarantee not in force:* the Guarantee of the Notes is not (or is claimed by any of the Guarantors not to be) in full force and effect,

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

### 13. **Prescription**

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

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

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

15. **Agents**

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

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

- (a) the Issuer and the Guarantors shall at all times maintain a Fiscal Agent; and
- (b) the Issuer and the Guarantors shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantors shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantors shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

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

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

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

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

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



17. **Further Issues**

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

18. **Notices**

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

19. **Currency Indemnity**

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

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

20. **Rounding**

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

21. **Governing Law and Jurisdiction**

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

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

### 1 Initial Issue of Notes

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

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

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

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

### 2 Relationship of Accountholders with Clearing Systems

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

### 3 Exchange

#### 3.1 Temporary Global Notes

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

### 3.2 Permanent Global Notes

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

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

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

### 3.3 Partial Exchange of Permanent Global Notes

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

### 3.4 Delivery of Notes

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

### 3.5 Exchange Date

**Exchange Date** means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which

the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

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

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

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

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

##### **4.2 Prescription**

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

##### **4.3 Meetings**

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

##### **4.4 Cancellation**

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

#### **4.5 Purchase**

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

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

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

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

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

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

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

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

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

#### 4.10 Notices

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

### 5 Electronic Consent and Written Resolution

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

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

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

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

### Fund Profile

#### *Introduction*

The Fund is an independent, entrepreneurial property fund for sustainable housing-related investments in the Netherlands for institutional investors.

#### *Property Portfolio*

The Fund focuses on the deregulated rental sector in the Netherlands, which includes all residential properties with rents from €700 per month. The Fund mainly targets the mid-range of this sector, where rents are up to €1,200.

#### *Focus on the mid-segment*

The Dutch housing market has insufficient high-quality rental properties in good locations, especially in the mid-segment of the deregulated sector. The Fund provides comfortable, carefree housing and has a broadly-based portfolio of apartments and houses in and around Dutch towns and cities, mainly in the core regions it has identified. Traditionally, the Fund has also had a substantial portion of its residential portfolio in the regulated segment below €699. In addition, the Fund sells new-build and ex-rental residential properties.

#### *For institutional investors*

The Fund is not listed on any stock exchange. The Fund's participants are institutions, including pension funds, banks and insurance companies. The Fund had seventeen participants at 31 December 2013 and aims to increase this figure, nationally and internationally. The Fund offers participants access to the Dutch housing market through a 'core' investment fund. There are three key concepts: limited risk, stable distributions to participants and a sustainable investment.

#### *The key points of the profile of the Fund:*

- The Fund's profile is that of a 'core' investment fund (INREV classification)<sup>1</sup>;
- Investments are made only in residential and housing-related properties;
- All properties are situated in the Netherlands. The focus is on specific areas within economically stronger regions such as the Randstad, Utrecht and Noord-Brabant;
- As a business, the Fund achieves the maximum value for its participants by opting at portfolio level for a specific combination of target groups, locations and price segments and maintaining a constant balance between long-term operations and disposals;
- The Fund aims to make stable annual distributions of at least 4.5% from operating results. It also aims to achieve an indirect yield over the long term that on average at least equals inflation;

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<sup>1</sup> European Association for Investors in Non Listed Real Estate Vehicles ([www.inrev.org](http://www.inrev.org))

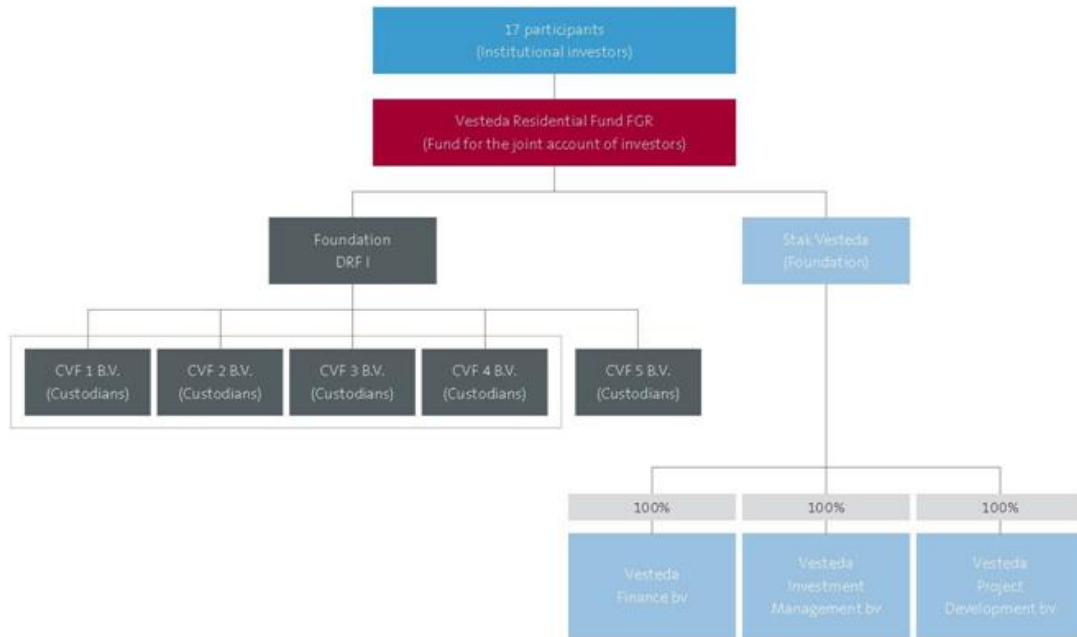


- The Fund participates in the IPD Netherlands 'All Residential' benchmark that expresses the average yield of all participating Dutch residential property investments over various periods. The Fund's target is to outperform the three-year ROZ/IPD benchmark each year;
- A residential fund like the Fund offers a good hedge against inflation: basic rents are linked to inflation and the values of residential properties in the long term;
- The Fund has a limited risk profile by being of a size that reduces those risks within the portfolio, achieving a good spread across the market with the emphasis on strong regions and, within those regions, focusing on growing segments in the market;
- The Fund seeks to increase the liquidity of its participations by attracting a broad group of institutional investors with a long-term outlook and having an active investor-relations policy;
- The Fund has a dedicated management organisation that is not fee-driven. The long term target for fund management expenses is competitive, at a maximum of 35 basis points of the invested capital at the beginning of the year;
- The Fund is not time-limited provided that the participants, by a specified majority consent vote, can decide to terminate the Fund;
- The Governance of the Fund is in accordance with the best-practice guidelines, with the emphasis on transparency and involvement;
- The Fund offers sustainable housing and operates in a socially responsible manner for which specific targets have been set; and
- The Fund has a limited use of leverage.

### **Background of the Fund**

The Fund is the successor of Vesteda Woningen which was established in 1997 by ABP (currently APG). Since then, 16 other institutional investors acquired a stake in the Fund.

## Structure of the Fund



The Fund is a mutual fund for the joint account of the participants. The Fund is transparent for tax purposes. For this reason, investors in the Fund are taxed under their own applicable tax regime (if any). Admission or replacements of investors in the Fund is only possible by way of issue or redemption of Participation Rights by the Fund Manager.

The rights and obligations of the Fund Manager, the supervisory committee and the investors are set out in the Fund Terms and Conditions. Investors' rights and obligations in respect of the shares in Vesteda Investment Management B.V., Vesteda Project Development B.V., and Vesteda Finance B.V. are exercised through an enduring power of attorney granted to Stichting Administratiekantoor Vesteda.

### The Fund Manager

The Fund Terms and Conditions instruct the Fund Manager to manage the Fund under the specified conditions. The Fund Manager is responsible for day-to-day operations and implementation of strategy. The Managing Board and the staff are employed by the Fund Manager. The Fund Manager can only be replaced in accordance with the Fund Terms and Conditions.

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

Vesteda Finance B.V. undertakes Vesteda's financing activities on behalf of the Fund. Vesteda Project Development B.V. is responsible for completing the development projects in the pipeline.

### Custodians

The custodians are the legal owners of the Properties in the Fund and the Fund and its investors are the beneficial owners. It is possible to tax neutral reallocate/transfer individual Properties within the group of custodians, making it possible to finance the Fund flexibly if desired by allocating collateral to one of the custodians. For this reason the structure was altered with effect from January 2013.

## Fund Strategy

### *Ambition*

Vesteda's commercial strategy is to maximise participant value. Maintaining a leading position in the Dutch residential investment market is vital in this regard. This requires a professional organisation able to anticipate and respond to opportunities with entrepreneurship and innovation, as well as an organisation focused on growth, with a lean organisational structure. This ambition has been translated into four main strategic objectives.

Offering an attractive fund profile	<ul style="list-style-type: none"><li>• Maintaining a leading position in the Dutch residential investment market: extensive and diversified portfolio;</li><li>• Maintaining a positive track record: outperforming the benchmark;</li><li>• Attractive risk-return ratio: core residential investment fund with a defensive character;</li><li>• Offering liquidity and fiscal transparency;</li><li>• Conservative use of loan capital with optimal diversification by market, type of financing and maturity.</li></ul>
Optimal portfolio- and asset management	<ul style="list-style-type: none"><li>• Target portfolio with accent on the mid rental segment (80% in mid rental sector, concentrated in economically robust regions);</li><li>• Acquisitions in promising market segments;</li><li>• Gross/net ratio <math>\leq 25\%</math> (excluding landlord levy);</li><li>• Increased sustainability of the portfolio.</li></ul>
Maintaining a professional and cost-effective, organisation	<ul style="list-style-type: none"><li>• Professional and result-focused activities;</li><li>• Maintaining customer satisfaction and customer focus;</li><li>• Management expenses in line with market;</li><li>• Attracting and retaining talented employees.</li></ul>
Maximising total return	<ul style="list-style-type: none"><li>• Achieving stable distributable realised return and real long-term value growth;</li><li>• Structural outperformance of the three-year IPD benchmark.</li></ul>

### *Investment strategy*

The Fund's investment strategy focuses on realising an attractive, stable yield for distribution to investors and real long-term value creation. On the basis of its research, the Fund has compiled a target portfolio that forms its investment policy. In this context, the Fund undertakes comprehensive portfolio management, constantly balancing letting, redevelopment and sales with the aim of maximising long-term proceeds.

### *Dynamic investment portfolio*

A key element of the Fund's investment strategy is the roll-over principle: making use of flexible opportunities for rejuvenating the portfolio if this is desirable given market conditions and the investment

policy. Over the long term, a modest proportion of the portfolio, averaging 2% to 5%, is sold each year, with the value of the inflows and outflows of residential properties over the years and the target to reduce leverage being brought into the best possible balance. These inflows and outflows maintain a good yield/risk profile and consolidate capital gains.

#### *Comprehensive portfolio management in line with target portfolio*

The target portfolio outlines the long-term composition of the portfolio that the Fund is seeking to achieve. All purchases and disposals are considered against the framework of the target portfolio, which is reviewed and, if necessary, adjusted annually. In due course, most of the invested capital will be in housing in the €700 to €1,200 monthly rent band. The focus in the next few years will be strongly on the Randstad, Utrecht and Noord-Brabant.

#### *Benchmark*

The Fund compares its yields against those of the IPD Netherlands 'All Residential' benchmark, which reflects the average yield on all participating Dutch residential property investments for various periods. One of the Fund's targets is to beat the three-year benchmark each year, i.e. to perform structurally better than the average three-year yield of the participants in the benchmark.

#### *Risk spreading*

The Fund is one of the largest Dutch residential property investment funds with investment property of approximately €3.7 billion (year-end 2013). This size allows a good spread of the invested capital across geographical markets and price segments. It also ensures good diversification, meaning significant mitigation of risk within the portfolio.

### **Portfolio Strategy**

The portfolio strategy is based on the Fund targets that focus on maintaining a leading position in the Dutch residential investment market, offering a realised return on equity of at least 4.5% per year and low risk. This has been translated into the following portfolio objectives:

#### *Portfolio objectives*

- A shift towards the target portfolio, with a clear focus on the mid rental sector;
- Increased focus on strong municipalities in economically robust regions;
- Completion of development pipeline;
- Acquisitions in promising market segments;
- Continuation of the improvement in the sustainability of the portfolio.

#### *Composition of the target portfolio*

The target portfolio is the framework for the acquisition and disposal policy, which we have divided by rent levels as follows:

- 10% of properties in the regulated rental segment (< non-regulated level);
- 80% in the mid rental sector (non-regulated level- €1,200);
- 10% in the higher rental sector (> €1,200)

The target portfolio by region is:

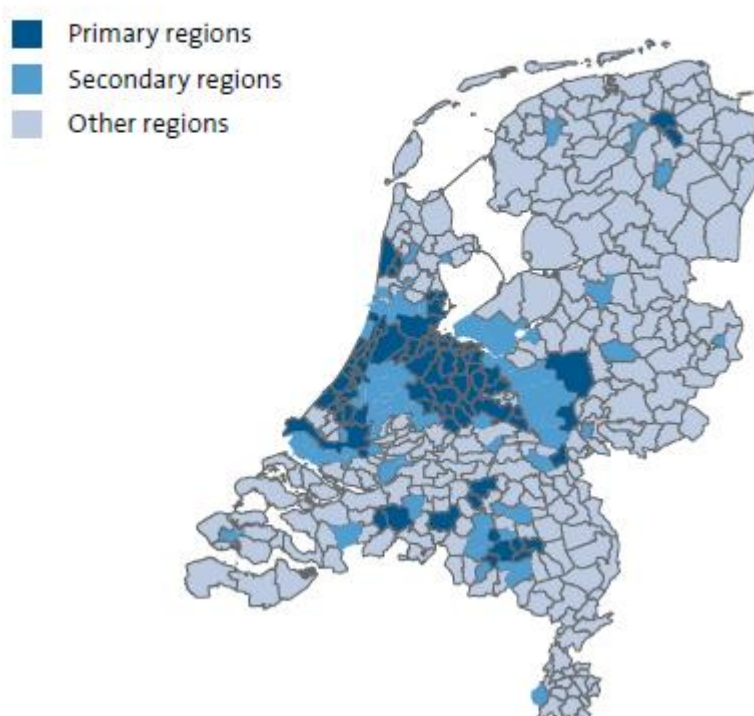
- 70% in primary regions;
- 30% in secondary regions.

The Fund recognises large differences in market potential of Dutch municipalities. The market potential of regions is determined based on four composite indicators, which relate to the strength of the economy, the owner-occupied housing market, the rental market and target groups.

Primary regions are regions that offer the greatest market potential for the non-regulated rental sector. These regions are characterised by a high market potential and low market risks. Secondary regions score less in some respects but are promising.

#### Market potential in the non-regulated rental sector 2012-2020

source: Vesteda (2012)



The large regional differences in the housing market will continue to increase, with demand exceeding supply in the Randstad and Noord-Brabant regions and a contraction in demand in peripheral areas of the Netherlands.

#### Operations

The Fund derives most of its revenue from lease agreements entered into with respect to the Properties.

As at 31 December 2013, rental income accounted for approximately 94.0% of total gross revenue, with the remainder derived from car parks and garages, commercial rentals and other ancillary income.

The residential units are primarily let on the basis of standard lease agreements that are entered into directly by the Fund Manager (as agent of the (undisclosed) owner of such units). The most important terms and

conditions of these lease agreements are set out under the heading 'the Fund's residential lease agreements' below.

#### *Real estate management*

The Fund has its own in-house property management for the administrative, technical and commercial management of its Properties. As of the date of this Prospectus about 150 employees handle letting and maintain personal contact with customers during tenancy. The local representatives are supported by a centralised back office.

#### *The Fund's residential lease agreements*

The residential units are primarily let on the basis of standard lease agreements that are entered into by the Fund Manager (as agent of the (undisclosed) owner of such units). The most important terms and conditions of these lease agreements are that:

- (a) the premises may be used exclusively for residential purposes;
- (b) the lease agreements have a minimum period of one year, following which the lease does not automatically terminate, but is extended for an unlimited period. During the first year, the lease agreement may not be terminated by either party;
- (c) rent is to be paid monthly in advance (without any set-off or other deduction) on the first day of each month and in the manner agreed;
- (d) in addition to the monthly rental, the tenant also pays a monthly amount pertaining to services charges. The amount payable is an estimation of the charges that will actually be incurred. Accordingly, an adjustment payment will be made at the end of each year, based on which either the excess will be refunded, or the shortage will be charged, to the tenant;
- (e) in the case of a non-liberalised unit, the rent may be increased on the basis of an annual proposal by the landlord. The increase may not exceed the maximum percentage determined by the Dutch Government pursuant to the Dutch Civil Code and the Residential Tenancies Implementation Act (*Uitvoeringswet huurprijzen woonruimte*) subject to the maximum reasonable rent for the relevant unit. In the case of a liberalised unit, the rent increase is determined on the basis of an inflation index plus a percentage not higher than 2%;
- (f) where a lease agreement relating to a liberalised unit has existed for at least five years and the rent has not been adjusted other than on the basis of the principles referred to in (e) above, the landlord will have the right to propose an adjustment of the rent in order to bring it in line with the then applicable market rental level;
- (g) the tenant is prohibited from sub-leasing or in any other way surrendering control of the premises;
- (h) at the end of the lease, the tenant is required to return the premises to the landlord in its original state and to bear all costs of bringing the premises to such original condition to the extent permitted under Dutch law;
- (i) the landlord is responsible to bear the costs for all major renovations and repairs to the premises, while the tenant will bear the costs for the remaining, day-to-day repairs that are required in respect of the premises;
- (j) notice of termination must take place by writ or by registered mail, having effect on the date of the start of the next payment period and taking into account any required notice period, the latter which will be a

minimum of one month and a maximum of three months for the tenant and a minimum of three months for the landlord; and

- (k) the grounds upon which the landlord may terminate the lease agreement are those provided by law (no others would in any event be permitted) including failure by the tenant to pay.

#### **Method of valuation**

The Fair Value of completed investment Property is determined on a market value basis in accordance with International Valuation Standards (IVS), as set out by the International Valuation Standards Council.

The valuation is prepared on an aggregated ungeared basis. Valuations are performed by accredited independent appraisers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being appraised. The fair value of the assets is driven by the net cash flows generated by the assets, which are taken into account by the market, in combination with the discount rate development. The generated cash flow is the net rental income plus the net sales revenues from selling individual units. The discount rate is a derivative of the cost of capital, the availability of capital, the risk perception of the assets and the supply and demand in the market for residential investments.

## DESCRIPTION OF THE PORTFOLIO

The financial information in this section is audited.

### Summary

As per 31 December 2013 there are 337 Properties owned by the custodians on behalf of the Fund which were valued at approximately € 3.7 billion. The following table shows the key indicators for the Properties of the Fund:

Properties as at 31 December 2013

Number of residential units	23,791
Number of m2 of commercial space	36,640
Number of parking places/garages	9,527
Value in € billion approximately	3.7
Gross annual rent in 2013 in € million	240
Net annual rent in 2013 in € million	180

The value of the Portfolio has been determined on the basis that a Property should be valued at the obtainable market value. Obtainable market value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, where parties traded in an informed, diligent way and without compulsion.

The following table shows how the Properties are divided between the Custodians as per 1 January 2014 based on obtainable market value as per 31 December 2013.

<b>Custodians Market Value (EURm)</b>	<b>CVF I B.V. (Custodian)</b>	<b>CVF II B.V. (Custodian)</b>	<b>CVF III B.V. (Custodian)</b>	<b>CVF IV B.V. (Custodian)</b>	<b>CVF V B.V. (Custodian)</b>	<b>Vesteda Finance B.V.</b>	<b>Total</b>
<b>Assets</b>	1,525	119	807	1,053	152	-	3,655

### Key portfolio developments

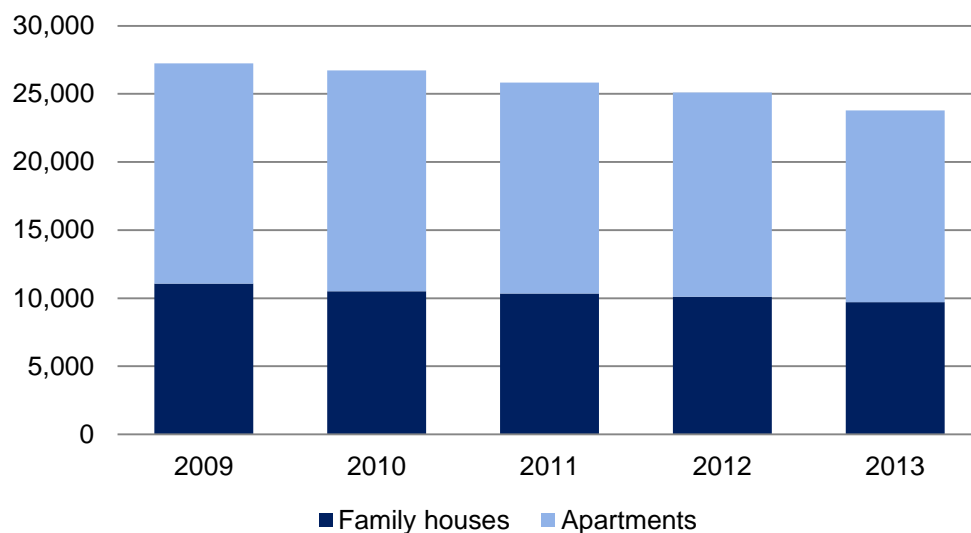
The composition of the target portfolio is based on the following three pillars:

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



This section describes the key portfolio developments over the last (few) year(s), based on market segmentation and strategic portfolio criteria.

# of units



Changes in portfolio (units):

Number of units	2013
Beginning of year	25,100
- outflow (disposals)	1,358
<u>+ inflow (acquisitions)</u>	<u>49</u>
At year-end	23,791

The total number of units stood at 23,791 at year-end 2013, a drop of 5.2% from year-end 2012. Most of the 1,358 units disposed of were sold as an investment. In line with the market trend, the last two quarters of 2013 did show an increase in the number of individual property sales.

The investment sales consisted of 15 properties, representing a total of 1,027 units. Vesteda's decision to dispose of assets via investment sales or individual property sales depends largely on the combination of risk perception, expected term of individual property sales and short-term market conditions.

## Rental Income

### *Market rental value and theoretical rental income*

The theoretical gross rent at year-end 2013 was 2.5% higher than the market rental value. This can be largely explained by market rental adjustments in the higher rental segment.

Letting portfolio, market rental value and theoretical gross rent

Year-end (€ million)	2009	2010	2011	2012	2013
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Market rental value	264	265	266	260	<b>243</b>
Theoretical gross rent	261	263	262	259	<b>249</b>

#### *Rental income trends*

The average rental income per unit rose by 2.7% to € 827 in 2013. The main driver of this increase was the annual rent increase on 1 July. This increase was dampened slightly by the impact of lower realised rents from re-lettings.

#### *Letting portfolio, average monthly rent*

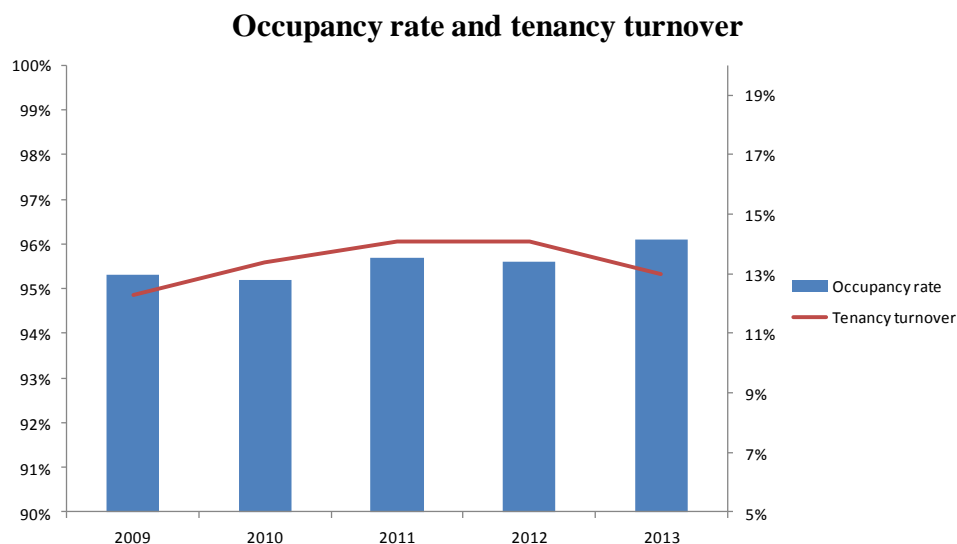
<u>Year-end (€)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u><b>2013</b></u>
Average monthly rent	755	771	793	806	<b>827</b>

#### *Letting portfolio, average rent rise by source*

<u>Start of year compared with year-end, in %</u>	<u><b>2013</b></u>
inflow and outflow of properties in the portfolio	<b>1.3</b>
re-letting	<b>-1.6</b>
<u>average rent rise for sitting tenants</u>	<u><b>3.0</b></u>
Total increase in average rent	<b>2.7</b>

#### **Occupancy rate and tenancy turnover**

The occupancy rate rose slightly due to Vesteda's additional efforts to reduce vacancy rates, primarily in the > €1.200 units. Tenancy turnover dropped to 13.0% for the year.



## Realised rental income

The table below shows realised rental income of the portfolio:

### *Letting portfolio, realised rental income*

<u>(€ million)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Gross annual rent	241	243	245	245	<b>240</b>
Net annual rent	177	173	171	177	<b>180</b>
Gross/net annual rent	26%	29%	30%	27%	<b>25%</b>

In 2013, the gross/net ratio decreased to 25%, mainly as a result of a reduction in the owner service charges.

## Value

### *Market Value*

The table below shows the value of the market value of the letting portfolio, which fell to €3,655 million as at 31 December 2013.

### *Letting portfolio, value*

<u>Year-end (€ million)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Single-unit residential properties*	1,743	1,652	1,626	1,528	<b>1,429</b>
<u>Multiple-residential properties*</u>	<u>2,741</u>	<u>2,750</u>	<u>2,622</u>	<u>2,441</u>	<u><b>2,226</b></u>
Total	4,484	4,402	4,248	3,970	<b>3,655</b>

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

### *Value changes in detail*

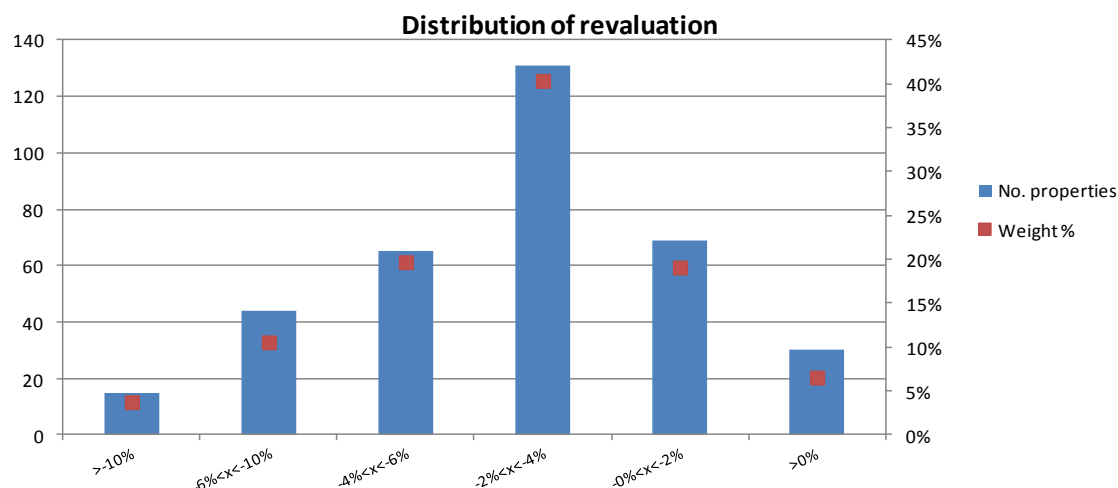
The letting portfolio fell by net 7.9% in value per year-end 2013 in comparison with year-end 2012. The table below shows the changes and the impact of revaluation.

### *Letting portfolio, changes in value*

<u>(€ million)</u>	<u>2013</u>	<u>% value</u>
Value at start of year	<b>3,970</b>	100
Acquisitions	<b>10</b>	0.3
Capex	<b>13</b>	0.3
Disposals	<b>-186</b>	-4.7
<u>Revaluation</u>	<u><b>-152</b></u>	<u>-3.9</u>
Value at year-end	<b>3,655</b>	92.1

The inflow (acquisitions) and outflows (disposals) led to a net reduction of €176 million or 4.4% in the value of the portfolio. Property revaluations cut the value of the portfolio by €152 million or 3.9%.

Last year was a year of two very distinct halves. The first two quarters saw a continued deterioration of underlying value drivers; lower consumer confidence, lower vacant position values and an expansion of exit yields. The second half of the year saw an increase in consumer confidence and a stabilisation of vacant position values. Although this resulted in better individual sales, the institutional property market is still cautious, which resulted in a further expansion of exit yields, while discount rates merely stabilised. This resulted in a revaluation of the letting portfolio in 2013 that came in close to our forecast drop of 4%.



#### *Average value per residential unit*

The average value per residential unit in the portfolio had dropped by 2.1% to €151,000 at year-end 2013. This figure is better than the downward revaluation of 3.9% on the total letting portfolio. This was due to the impact of the disposal of units with a lower than average value and the relabeling of the care-related properties.

#### *Letting portfolio, average value per residential unit*

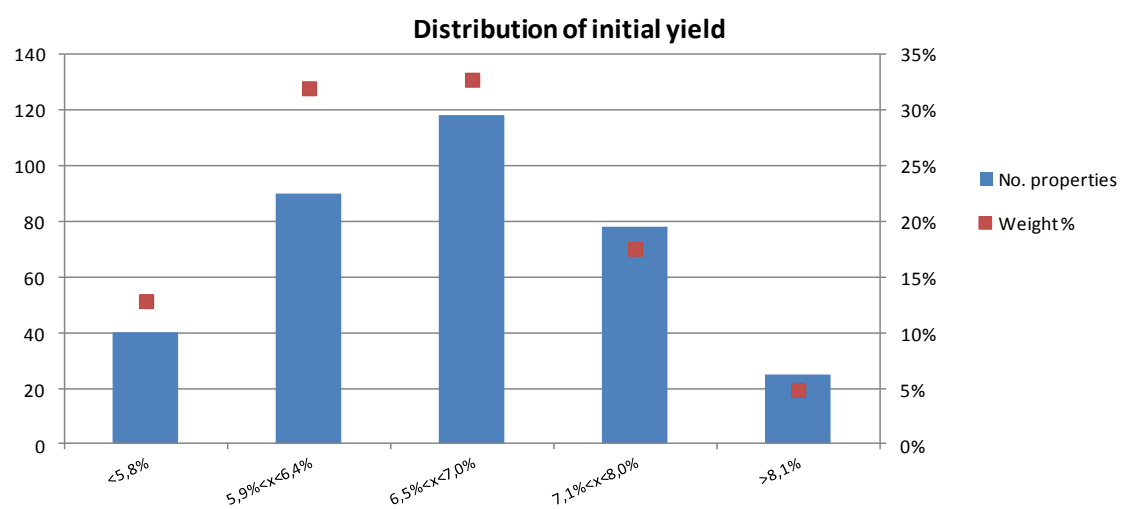
Year-end (€ thousand)	2009	2010	2010	2012	<b>2013</b>
Average value per residential unit	162	161	161	154	<b>151</b>

#### *Gross initial yield*

The gross yield on the portfolio, defined as the theoretical rent at year-end divided by the value of the portfolio at year-end, rose for the sixth consecutive year to 6.8% per year-end 2013 in comparison with year-end 2012.

#### *Portfolio, gross yield*

(in %)	2009	2010	2011	2012	<b>2013</b>
Gross yield	5.8	6.0	6.2	6.5	<b>6.8</b>



## Portfolio Segmentation

The tables below provide an insight into the distribution of the various key parameters of the portfolio on the two levels of segmentation (rental segment and region) and portfolio strategy designation.

	Weight in units	Weight in value	Average year of construction	E-label a-b-c % total value	E-label d+ % total value
<b>Fund</b>	<b>100%</b>	<b>100%</b>	<b>1991</b>	<b>68%</b>	<b>32%</b>

<b>Primary</b>	60%	66%	1992	43%	21%
<b>Secondary</b>	26%	24%	1989	19%	7%
<b>Other</b>	14%	11%	1990	6%	4%

<b>&gt; € 1,200</b>	9%	18%	2007	17%	0%
<b>Non reg. - € 1,200</b>	60%	62%	1989	41%	21%
<b>Regulated</b>	31%	20%	1982	9%	11%

	Gross/ Nett ratio	Financial vacancy	Occupancy rate	Rent 2013 vs 2012	Rent increase 2013	Revaluation 2013
<b>Fund</b>	<b>25%</b>	<b>5.7%</b>	<b>96.1%</b>	<b>2.7%</b>	<b>3.0%</b>	<b>-3.9%</b>

<b>Primary</b>	25%	6.6%	95.7%	2.0%	2.8%	-4.1%
<b>Secondary</b>	24%	4.0%	96.8%	3.1%	3.5%	-3.3%
<b>Other</b>	28%	4.4%	96.2%	3.5%	3.3%	-4.0%

<b>&gt; € 1,200</b>	26%	13.8%	89.1%	-1.9%	1.6%	-5.6%
<b>Non reg. - € 1,200</b>	22%	3.7%	96.4%	2.6%	3.3%	-3.6%
<b>Regulated</b>	28%	2.4%	97.4%	3.9%	3.4%	-3.7%

## MANAGEMENT OF THE FUND

### Members of the Managing Board

As at the date of this Prospectus, the Managing Board of the Fund consists of Mr. Van der Baan as Chief Executive Officer (**CEO**).

As at the date of this Prospectus, there is a vacancy for the position of Chief Financial Officer (**CFO**).

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

CEO, Dutch.

Areas of responsibility: Asset Management, Property Management, Legal affairs, HR and facilities. Also responsible for Corporate Social Responsibility. Appointed January 2014, first term of office ends in December 2018.

### Members of the Supervisory Committee

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

#### **C.A.M. (Kees) de Boo (1944),**

Chairman

*Areas of expertise: management, finance (including property investment), project development, asset management.*

Reappointed May 2011, second term of office ends in April 2015.

#### **J.A. (John) de Die (1960)**

Chairman of the Audit Committee.

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

Appointed April 2011, first term of office ends in March 2015.

#### **P.J.W.G. (Peter) Kok (1954)**

Member of the Audit Committee.

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

Appointed July 2011, first term of office ends in June 2015.

#### **J. (Hans) Pars (1962)**

Member of the Nomination and Remuneration Committee.

*Areas of expertise: management, property investment, asset management.*

Appointed April 2012, first term of office ends in March 2016.

### Vacant position

Chairman of the Nomination and Remuneration Committee.

## FINANCIAL INFORMATION OF THE FUND

The financial information in this section is audited.

### Income and returns in 2013

Income (€ million)	2013	2012
Rental income	240	245
Property operating expenses	-60	-68
Other income	1	2
Net rental income	181	179
Result on project in progress	-2	0
Result on disposals	3	3
Management expenses	-16	-20
Net interest	-63	-65
Realised Result before Tax	103	97
Unrealised Result	-163	-234
Result before Tax	-60	-137
Tax	0	0
Result after Tax	-60	-137
Other comprehensive income, net of tax	41	-30
Total comprehensive income	-19	-167

Return as a percentage of opening equity	2013	2012
Realised return	4.2	3.6
Unrealised return	-6.7	-8.7
Total operating return	-2.5	-5.1
Revaluation of derivatives	1.7	-1.1
Total return	-0.8	-6.2

### Gross rental income

Gross rental income amounted to € 240 million in 2013, 2.0% lower than the gross rental income reported for 2012. This decline is the result of the reduced size of the portfolio due to a larger portfolio outflow than inflow (€ 186 million in disposals, compared with € 10 million in acquisitions).

### Lower vacancies and rent increase

Thanks to active asset and property management, Vesteda managed to reduce vacancy levels, especially in the higher rental segment. The average rent stood at € 827 at year-end 2013, a rise of 2.7% on the average rent in 2012 (€805). This increase is the result of the sum of annual rent increases (+3.0%), the impact of new rental contracts (-1.6%) and the relative shift in the portfolio towards higher rents (+1.3%).



### **Reduction in property operating expenses**

Net income remained relatively stable (€179 million in 2012 and €181 million in 2013), as a result of a significant drop in property operating expenses. Operating expenses fell by almost 12% to € 60 million in 2013, from € 68 million the previous year. This reduction was largely due to lower expenses related to regular planned main-tenance and lower service costs allocated to the company itself. Property operating expenses as a percentage of gross rental income improved to 24.8% from 27.6% in 2012, in line with the target of 24.5-26% that was set for 2013.

### **Other Income**

The other income is made up of short stay rent and other items.

### **Result on disposals**

In 2013, Vesteda sold a total of 1,358 homes, with 331 of these sold individually and 1,027 sold as investment. At €3.0 million, the total net income from disposals was in line with the income reported in 2012. The net income contains a loss of €5 million (2012: negative €3 million) relating to the investment sales. Furthermore the result includes a profit of €8 million (2012: positive €6 million) relating to the sale of individual units. The average net income per residential unit was approximately €2,000, compared with €3,000 in 2012. This drop was due to the relative increase in investment sales.

### **Lower management expenses**

Despite the decline in the total portfolio value, investment management expenses came in well below the target of 34-36 bps set for 2013, thanks to the strict monitoring and control of costs. The investment management expenses allocated to the fund in 2013 amounted to 30.5 basis points (bps) of the portfolio value at the start of the year. Excluding the release of part of the reorganisation provision, investment management expenses amounted to 32.1bps.

### **Lower net interest expense**

Net interest expense fell to €63 million in 2013, from € 65 million in 2012, largely due to the €125 million deleverage in 2013 and partly offset by the accelerated depreciation of financing fees of the Forward Start Facility.

### **Higher realised income**

The realised income rose to €103 million from €97 million, a year-on-year increase of 6.2%. The key drivers of this improvement were lower vacancies, reduced operating expenses, lower management expenses and lower net interest expense. The realised return as a percentage of opening equity improved accordingly to 4.2% from 3.6%, slightly below the target range of 4.3-4.5% set for 2013.

### **Unrealised result**

At €-163 million, the unrealised result was less negative than in 2012 (€ -234 million). The negative revaluation in the second half of the year (-1.3%) was significantly lower than in the first half (-2.6%). The full-year unrealised return as a percentage of opening equity came in at - 6.7%, compared to -8.7% in 2012.

### **Total comprehensive income**

Total income for 2013, including the positive revaluation of derivatives of € 41million, came in at €-19 million, representing a total return as a percentage of opening equity of -0.8%.

## DESCRIPTION OF ISSUER

### General

The Issuer is a financing company and has the legal form of a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*). The Issuer was incorporated under the laws of The Netherlands on 18 July 2012. The corporate seat of the Issuer is in Amsterdam, The Netherlands and its registered office is at Claude Debussylaan 15, 1082MC Amsterdam, The Netherlands with the following telephone number: 0884561666. The Issuer is registered in the Commercial Register of the Chamber of Commerce under number 55723322.

Pursuant to article 3 of the Articles of Association, the corporate object of the Issuer are:

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

### Issued share capital of the Issuer

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

### Business

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

### Organisational structure

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

### Management, Corporate governance

The sole managing director of the Issuer is Vesteda Investment Management B.V. The corporate seat of the sole managing director is in Amsterdam, The Netherlands and its registered office is at Claude Debussylaan 15, 1082MC Amsterdam, The Netherlands with the following telephone number: 0884561666. Vesteda

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

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

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

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

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

#### **Material Contracts**

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

#### **Recent Developments**

For the purpose of redeeming a class of €350,000,000 secured floating rate notes due 2017 issued by Vesteda Residential Funding II B.V. Vesteda Finance B.V. entered into a €300,000,000 revolving credit facility agreement dated 26 March 2014 by and between (amongst others), Vesteda Finance B.V. as borrower and Custodian Vesteda Fund I B.V. and Custodian Vesteda Fund III B.V. as guarantors. Once the loans granted under this revolving credit facility agreement have been repaid, the facility can be redrawn for the purpose of redeeming a class of €300,000,000 secured floating rate notes due 2017 issued by Vesteda Residential Funding II B.V. If and when this class of notes is redeemed Custodian Vesteda Fund IV B.V. will accede to the revolving credit facility agreement as additional guarantor. The termination date of the revolving credit facility agreement is 31 December 2015.

On 8 May 2014 Vesteda Finance B.V. issued €100,000,000 3.18% Senior Notes due 8 May 2021 which are guaranteed by Custodian Vesteda Fund I B.V. and Custodian Vesteda Fund III B.V. pursuant to a private placement transaction.

Other than the events described above, there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the solvency of the Issuer.

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

There has been no material adverse change in the prospects of the Issuer since 31 December 2013 and no significant change in the financial or trading position of since 31 December 2013.

#### **Auditors**

The auditor of the Issuer is Ernst & Young Accountants LLP.

## **OTHER**

The Issuer has covenanted pursuant to Condition 5 (*Covenants*) that it shall procure that as soon as practically possible after the completion of the Term Loan A4 Refinancing (as defined in the Terms and Conditions) but in any event no later than 15 Business Days (as defined in the Terms and Conditions) after such completion, Custodian Vesteda Fund IV B.V. shall accede to the Deed of Guarantee as an additional Guarantor; and as soon as practically possible after the Issuer has become a (direct or indirect) Subsidiary (as defined in the Terms and Conditions) of the New Holding Company (as defined in the Terms and Conditions) but in any event no later than 15 Business Days (as defined in the Terms and Conditions) thereafter, the New Holding Company (as defined in the Terms and Conditions) shall accede to the Deed of Guarantee as an additional Guarantor.

## DEED OF GUARANTEE

*This is the text of the Deed of Guarantee in respect of the Notes*

THIS DEED OF GUARANTEE is made on 3 July 2014

BY

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

IN FAVOUR OF

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

WHEREAS

- (A) Vesteda Finance B.V. (the **Issuer**) and the Guarantors have established a Guaranteed Euro Medium Term Note Programme (the **Programme**) for the issuance of notes (the **Notes**), in connection with which they have entered into a dealer agreement dated 3 July 2014 (the **Dealer Agreement**) and an issue and paying agency agreement dated 3 July 2014 (the **Agency Agreement**).
- (B) The Issuer has made an application to Euronext Amsterdam N.V. (**Euronext Amsterdam**) for Notes issued under the Programme to be admitted to trading on NYSE Euronext Amsterdam. NYSE Euronext, Amsterdam (**NYSE Euronext, Amsterdam**) is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments. Notes may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
- (C) In connection with the Programme, the Issuer and the Guarantors have prepared a Base Prospectus dated 3 July 2014 which has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the **AFM**), which is the competent authority in The Netherlands for the purposes of Directive 2003/71/EC, as amended, (the **Prospectus Directive**) and relevant implementing measures in The Netherlands.
- (D) The Guarantors have agreed to guarantee the payment of all sums expressed to be payable from time to time by the Issuer to Noteholders in respect of the Notes.

NOW THIS DEED OF GUARANTEE WITNESSES as follows:

### 1. INTERPRETATION

#### 1.1 Definitions

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

#### 1.2 Clauses

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

### 1.3 **Other agreements**

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

### 1.4 **Legislation**

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

### 1.5 **Headings**

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

### 1.6 **Benefit of Deed of Guarantee**

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

## 2. **GUARANTEE AND INDEMNITY**

### 2.1 **Guarantee and indemnity**

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

- 2.1.1 guarantees to each Noteholder punctual performance by the Issuer of the Issuer's obligations under the Notes;
- 2.1.2 undertakes with each Noteholder that whenever the Issuer does not pay any amount when due under or in connection with the Notes, that Guarantor shall immediately on demand pay that Noteholder; and
- 2.1.3 agrees with each Noteholder that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal it will, as an independent and primary obligation, indemnify that Noteholder immediately on demand against any cost, loss or liability it incurs as a result of the Issuer not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under the Conditions on the date when it would have been due.

## 3. **ACCESSION NEW GUARANTOR**

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

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

The Guarantors covenant in favour of each Beneficiary that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions.

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

##### 5.1 **Principal obligor**

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

##### 5.2 **Continuing obligations**

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

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

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

- 5.3.1 *Winding up*: the winding up, dissolution, administration, re-organisation or moratorium of the Issuer or any change in its status, function, control or ownership;
- 5.3.2 *Illegality*: any of the obligations of the Issuer under or in respect of any Note being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- 5.3.3 *Indulgence*: time or other indulgence (including for the avoidance of doubt, any composition) being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of any Note;
- 5.3.4 *Amendment*: any amendment, novation, supplement, extension, (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Issuer under or in respect of any Note or any security or other guarantee or indemnity in respect thereof including without limitation any change in the purposes for which the proceeds of the issue of any Note are to be applied and any extension of or any increase of the obligations of the Issuer in respect of any Note; or
- 5.3.5 *Analogous events*: any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantors herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.

##### 5.4 **Settlement conditional**

Any settlement or discharge between the Guarantors and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which



such payment is so avoided or reduced from the Guarantors subsequently as if such settlement or discharge had not occurred.

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

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

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

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

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

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

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

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

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

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

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

#### 5.7 **Pari passu**

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

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

This Deed of Guarantee and any Deed of Accession shall be deposited with and held by the Fiscal Agent for so long as the Programme remains in effect and thereafter until all the obligations of the Issuer under or in respect of the Notes have been discharged in full. The Guarantors hereby acknowledge the right of every Beneficiary to the production of this Deed of Guarantee.

### 7. **STAMP DUTIES**

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

8. **BENEFIT OF DEED OF GUARANTEE**

8.1 **Benefit**

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

8.2 **Offer and Acceptance**

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

8.3 **Assignment**

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

9. **PARTIAL INVALIDITY**

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

10. **NOTICES**

10.1 **Address for notices**

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

Claude Debussylaan 15,  
1082MC Amsterdam  
The Netherlands

Fax: + 0884561667  
Attention: Director

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

10.2 **Effectiveness**

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

11. **CURRENCY INDEMNITY**

If any sum due from the Guarantors under this Deed of Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under this Deed of Guarantee or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Guarantors, (b) obtaining an order or

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

## 12. **LAW AND JURISDICTION**

### 12.1 **Governing law**

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

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

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

### 12.3 **Appropriate forum**

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

## 13. **MODIFICATION**

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

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

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

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

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

**SCHEDULE 1**  
**FORM OF GUARANTOR DEED OF ACCESSION**

[New Guarantor]  
[Address]

Dear Sirs

**Vesteda Finance B.V.**  
**€1,500,000,000**  
**Guaranteed Euro Medium Term Note Programme**  
**Guaranteed by the Guarantors**

We refer to our Guaranteed Euro Medium Term Note Programme (the **Programme**) for the issuance of notes, in connection with which we have entered into a deed of guarantee dated 3 July 2014 (the **Deed of Guarantee**). All terms and expressions which have defined meanings in the Deed of Guarantee shall have the same meanings in this letter except where the context requires otherwise or unless otherwise stated.

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

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

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

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

Yours faithfully

For and on behalf of

**VESTEDA FINANCE B.V.**

By:

For and on behalf of

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

By:

For and on behalf of

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

**By:**

**CONFIRMATION**

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

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

**[NEW GUARANTOR]**

By:

Date:

Address: [ ]

Fax: + [number]

Attention: [name or department]

[copies to:

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

## DESCRIPTION OF THE GUARANTORS

### CUSTODIAN VESTEDA FUND I B.V.

#### General

Custodian Vesteda Fund I B.V. was incorporated under the laws of The Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) on 31 December 2012 and has its corporate seat in Amsterdam, The Netherlands and its registered office is at Claude Debussylaan 15, 1082 MC Amsterdam, The Netherlands with the following telephone number: 0884561666. Custodian Vesteda Fund I B.V. is registered at the Commercial Register of the Chamber of Commerce under number 56605838.

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

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

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

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

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

#### Business

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

#### Organisational structure

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

#### Management, Corporate governance

The sole managing director of Custodian Vesteda Fund I B.V. is Vesteda Investment Management B.V. The corporate seat of the sole managing director is in Amsterdam, The Netherlands and its registered office is at Claude Debussylaan 15, 1082MC Amsterdam, The Netherlands with the following telephone number:

0884561666. Vesteda Investment Management B.V. is registered in the Commercial Register of the Chamber of Commerce under number 14071789.

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

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

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

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

#### **Material Contracts**

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

#### **Recent Developments**

For the purpose of redeeming a class of €350,000,000 secured floating rate notes due 2017 issued by Vesteda Residential Funding II B.V. Vesteda Finance B.V. entered into a €300,000,000 revolving credit facility agreement dated 26 March 2014 by and between (amongst others), Vesteda Finance B.V. as borrower and Custodian Vesteda Fund I B.V. and Custodian Vesteda Fund III B.V. as guarantors. Once the loans granted under this revolving credit facility agreement have been repaid, the facility can be redrawn for the purpose of redeeming a class of €300,000,000 secured floating rate notes due 2017 issued by Vesteda Residential Funding II B.V. If and when this class of notes is redeemed Custodian Vesteda Fund IV B.V. will accede to the revolving credit facility agreement as additional guarantor. The termination date of the revolving credit facility agreement is 31 December 2015.

On 8 May 2014 Vesteda Finance B.V. issued €100,000,000 3.18% Senior Notes due 8 May 2021 which are guaranteed by Custodian Vesteda Fund I B.V. and Custodian Vesteda Fund III B.V. pursuant to a private placement transaction.

Other than the events described above, there are no recent events particular to Custodian Vesteda Fund I B.V. which are to a material extent relevant to the evaluation of the solvency of Custodian Vesteda Fund I B.V.

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

There has been no material adverse change in the prospects of Custodian Vesteda Fund I B.V. since 31 December 2013 and no significant change in the financial or trading position of since 31 December 2013.

#### **Auditors**

The auditor of Custodian Vesteda Fund I B.V. is Ernst & Young Accountants LLP.



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

### **General**

Custodian Vesteda Fund III B.V. was incorporated under the laws of The Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) on 31 December 2012 and has its statutory seat in Amsterdam, The Netherlands and its registered office is at Claude Debussylaan 15, 1082 MC Amsterdam, The Netherlands with the following telephone number: 0884561666. Custodian Vesteda Fund III B.V. is registered at the Commercial Register of the Chamber of Commerce under number 56605927.

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

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

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

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

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

### **Business**

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

### **Organisational structure**

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

### **Management, Corporate governance**

The sole managing director of Custodian Vesteda Fund III B.V. is Vesteda Investment Management B.V. The corporate seat of the sole managing director is in Amsterdam, The Netherlands and its registered office is at Claude Debussylaan 15, 1082MC Amsterdam, The Netherlands with the following telephone number: 0884561666. Vesteda Investment Management B.V. is registered in the Commercial Register of the Chamber of Commerce under number 14071789.

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

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

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

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

#### **Material Contracts**

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

#### **Recent Developments**

For the purpose of redeeming a class of €350,000,000 secured floating rate notes due 2017 issued by Vesteda Residential Funding II B.V. Vesteda Finance B.V. entered into a €300,000,000 revolving credit facility agreement dated 26 March 2014 by and between (amongst others), Vesteda Finance B.V. as borrower and Custodian Vesteda Fund I B.V. and Custodian Vesteda Fund III B.V. as guarantors. Once the loans granted under this revolving credit facility agreement have been repaid, the facility can be redrawn for the purpose of redeeming a class of €300,000,000 secured floating rate notes due 2017 issued by Vesteda Residential Funding II B.V. If and when this class of notes is redeemed Custodian Vesteda Fund IV B.V. will accede to the revolving credit facility agreement as additional guarantor. The termination date of the revolving credit facility agreement is 31 December 2015.

On 8 May 2014 Vesteda Finance B.V. issued €100,000,000 3.18% Senior Notes due 8 May 2021 which are guaranteed by Custodian Vesteda Fund I B.V. and Custodian Vesteda Fund III B.V. pursuant to a private placement transaction.

Other than the events described above, there are no recent events particular to Custodian Vesteda Fund III B.V. which are to a material extent relevant to the evaluation of the solvency of Custodian Vesteda Fund III B.V.

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

There has been no material adverse change in the prospects of Custodian Vesteda Fund III B.V. since 31 December 2013 and no significant change in the financial or trading position of since 31 December 2013.

#### **Auditors**

The auditor of Custodian Vesteda Fund III B.V. is Ernst & Young Accountants LLP.

## TAXATION

### TAXATION – NETHERLANDS

*The following summary of the Dutch tax aspects is based on Dutch laws, policy and case law as in force on the date of the issuance of this Prospectus. Future changes in law, whether retroactive or not, and changes in the interpretation and application thereof may render this summary invalid. Certain Dutch tax aspects have been confirmed by the Dutch tax authorities in private letter rulings obtained on behalf of the Fund and associated entities.*

*For the purpose of this summary, the term “corporation” includes any entity that is taxable as a corporation for Dutch corporate tax purposes.*

*Where this summary refers to a holder of Notes, such reference is restricted to an individual or corporation holding legal title to as well as an economic interest of Notes or otherwise being regarded as owning Notes for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to “the Netherlands” or “Dutch” it refers only to the European part of the Kingdom of the Netherlands.*

*The Information given below is neither intended as a tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes. Prospective purchasers are advised to acquaint themselves with the overall tax consequences of purchasing, holding and/or selling the Notes or the Coupons.*

The Issuer has been informed that under the current tax law and jurisprudence of the Netherlands:

- (A) All payments by the Issuer in respect of the Notes or Coupons can be made without withholding of, or deduction for, or on account of any present taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax.
- (B) A corporation being a holder of a Note or a Coupon, that derives income from such Note or Coupon or that realises a gain on the disposal, deemed disposal, exchange or redemption of a Note or a Coupon, will not be subject to any Dutch taxes on income or capital gains at the standard rates, unless:
  - (i) the holder is, or is deemed to be a tax resident of the Netherlands; or
  - (ii) the holder has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Note or Coupon is attributable; or
  - (iii) the holder has a substantial interest or deemed substantial interest, as defined in Dutch tax law, in the share capital of the Issuer and the substantial interest does not form part of the business assets of the holder and the holder holds the shares in the Issuer with the main intention (or one of the main intentions) to avoid the levy of Dutch personal income tax or dividend withholding tax with

another person. If only dividend withholding tax is being avoided, then the statutory corporate income tax rates are reduced to 15%. The substantial interest levy may be further reduced under a treaty to avoid double taxation.

For the purposes of this paragraph (iii), a substantial interest is generally present if a corporation directly or indirectly, owns or has certain other rights over, shares constituting 5% or more of the Issuer's aggregate issued share capital or, if the Issuer has several classes of shares, of the issued share capital of any class of shares or, if the Issuer has issued profit certificates, of profit certificates entitling him to at least 5% of the annual profit or to at least 5% of the liquidation proceeds. However, as the full aggregate issued share capital in the Issuer is held by Stichting Administratiekantoor Vesteda, which has issued depositary receipts for these shares to the Fund and the Issuer has not issued any profit certificates, it is in the current structure not possible that a substantial interest will materialise at the level of a prospective holder.

The statutory corporate income tax rates in 2014 are 20% for the first of €200,000 taxable income and 25% for taxable income exceeding €200,000.

An individual being a holder of a Note or a Coupon, who derives income from such Note or Coupon or who realises a gain on the disposal, deemed disposal, exchange or redemption of a Note or Coupon, will not be subject to any Dutch taxes on income or capital gains in respect of such income or gain unless the conditions as mentioned under (i) above is met, or unless:

- (i) the holder has elected<sup>2</sup> to be taxed as a resident of the Netherlands; or
- (ii) the holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Note or Coupon is attributable; or
- (iii) such income or gain form "results from other activities performed in the Netherlands" (*resultaat uit overige werkzaamheden*) as defined in the Dutch Personal Income Tax Act, which would for instance be the case if the activities in the Netherlands with respect to the Notes or Coupons exceed 'normal active asset management' (*normaal, actief vermogensbeheer*); or
- (iv) such income or gain form results from putting assets to the disposal of certain related parties (*terbeschikkingstelling*) as defined in the Dutch Personal Income Tax Act. Such situation includes but is not limited to the case where the individual Noteholder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such person's relatives has a substantial interest in the Issuer, the Borrowers, any of the participants in the Fund or any other corporate entity that legally or de facto, directly or indirectly, has the disposition of the proceeds of the Notes. For the purposes of this paragraph (vii), a substantial interest is generally present if such individual alone or together with his spouse or partner, as the case may be, directly or indirectly, owns, or has certain other rights over, shares constituting 5% or more of a company's aggregate issued share capital or, if a company has several classes of shares, of the issued share capital of any class of shares, or, if a

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<sup>2</sup> Please note that, per 1 January 2015, the election regime will be replaced by a mandatory qualification as a 'qualifying foreign taxpayer' on the basis of certain objective criteria.

company has issued profit certificates, of profit certificates entitling him to at least 5% of the annual profit or to at least 5% of the liquidation proceeds.

Any income and capital gains subject to Dutch income tax for individuals is taxed on the basis of a progressive scale rates up to 52%.

A holder of a Note or a Coupon will not become or be deemed to become a tax resident of the Netherlands solely by reason of the execution, delivery and/or enforcement of the documents relating to the issue of the Notes, the issue of the Notes or the performance by the Issuer of its obligations under the Notes.

- (C) No gift, estate or inheritance taxes will arise in the Netherlands in respect of the transfer or deemed transfer of a Note by way of a gift by, or on the death of, a Noteholder who is not a resident or deemed resident of the Netherlands for the purpose of the relevant provisions, provided that (i) the transfer is not construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions, and (ii) in the case of a gift of Notes by an individual holder who at the date of the gift was neither resident nor deemed to be resident of the Netherlands, such individual holder does not die within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands. In case a gift of Notes only takes place if certain conditions are met, no gift tax will arise if the Noteholder is neither (i) a resident or deemed resident of the Netherlands nor (ii) a resident or deemed resident within 180 days after the date on which the conditions are fulfilled. For purposes of Dutch gift, estate and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of the Netherlands if he has been a resident of the Netherlands at any time during the 10 years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual will, irrespective of his nationality, be deemed to be resident of the Netherlands if he has been a resident of the Netherlands at any time during the 12 months preceding the date of the gift.
- (D) There will be no registration tax, capital transfer tax, customs duty, stamp duty, property transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer and/or delivery of the Notes or Coupons or the execution, delivery and/or enforcement by legal proceedings of the Relevant Documents or the performance of the Issuer's obligations thereunder or under the Notes.
- (E) No value added tax will be due in the Netherlands in respect of payments in consideration of the issue of the Notes, and/or in respect of payments of interest and principal on a Note or Coupon, and/or in respect of the transfer of a Note or a Coupon, and/or in connection with the Relevant Documents or in connection with the arrangements contemplated thereby, other than value added tax on the fees payable for services which are not expressly exempt from VAT, such as management, administrative, notarial and similar activities, safekeeping of the Notes and the handling and verifying of documents.

#### *EU Savings Directive*

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the

circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

#### *Foreign Account Tax Compliance Act*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the relevant FFI (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of any Notes that are issued on or after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the Netherlands have entered into an IGA based largely on the Model 1 IGA (the **US-Netherlands IGA**).

If the Issuer is treated as an FFI, the Issuer expects to be treated as a Reporting FI pursuant to the US-Netherlands IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. If the Issuer becomes a Participating FFI, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, a Common Depositary or a Common Safekeeper, given that each of the entities in the payment chain between the Issuer and with the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the US-Netherlands IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

#### *The proposed financial transactions tax (FTT)*

On 14 February 2013, the European Commission has published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 3 July 2014, agreed with the Issuer and the Guarantors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantors) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in



that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;

the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and

the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## France

Each of the Dealers and the Issuer has represented and agreed that:

### (a) Offer to the public in France

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only made and will only make an offer of Instruments to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Instruments has been approved by the *Autorité des marchés financiers* (AMF), on the date of such approval or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the Prospectus, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF.

### (b) Private placement in France

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Instruments to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Instruments and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## The Netherlands

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or spaarbewijzen as defined in The Netherlands Savings Certificates Act or *Wet inzake spaarbewijzen*, the **SCA**) may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business and (iii) the issue and

trading of such Notes if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantors, nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantors and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary), replaced (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

**Final Terms dated [•]**

### **VESTEDA FINANCE B.V.**

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

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €1,500,000,000 Guaranteed Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 3 July 2014 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

Full information on the Issuer, the Guarantors and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental Base Prospectus] can be obtained by e-mail through [investorrelations@vesteda.com](mailto:investorrelations@vesteda.com) and will be published in electronic form on [http://www.vesteda.com/en/about-vesteda/investor relations/](http://www.vesteda.com/en/about-vesteda/investor%20relations/). Furthermore, copies of the Base Prospectus [and the supplemental Base Prospectus] will be available, free of charge, during normal office hours at the Issuer's head office, Claude Debussylaan 15, 1082 MC Amsterdam, The Netherlands.

*[Include whichever of the following apply or specify as Not Applicable"(N/A). Note that the numbering should remain as set out below, even if Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, consideration should be given as to whether such terms or information constitute significant new factors and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive].*

- |    |      |             |  |
|----|------|-------------|--|
| 1. | (i)  | Issuer:     | Vesteda Finance B.V.   |
|    | (ii) | Guarantors: | Custodian Vesteda Fund I B.V.<br>Custodian Vesteda Fund III B.V. |



9. Interest Basis: [• per cent. Fixed Rate]  
 [[Specify reference rate] +/- • per cent. Floating Rate]  
 [Zero Coupon]  
 (further particulars specified below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount]
11. Change of Interest Basis: [Applicable/Not applicable][specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 and 15 below and specify there]
12. Put/Call Options: [Investor Put] / [Put Option – Change of Control]  
 [Issuer Call]  
 [Issuer Refinancing Call]  
 [(further particulars specified below)]
13. (i) Status of the Notes: Senior
- (ii) Status of the Guarantees: Senior
- [(iii)] [Date [Board] approval for issuance of Notes and Guarantees obtained: [ ] [and [ ]], respectively  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantees)]*

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (v) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual (ISDA)] [Actual/365 (Fixed)]  
 [Actual/360] [30/360], [30E/360 or Eurobond Basis]  
 [30E/360 (ISDA)]

- (vi) Determination Dates: [•] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s) [ ], [subject to adjustment in accordance with the Business Day Convention specified in (iv) below] / [not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
- (ii) Specified Period: [ ]
- (iii) [First Interest Payment Date]: [ ]
- (iv) Business Day Convention: [Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ FRN Convention / Floating Rate Convention / Eurodollar Convention][Not applicable]
- (v) Additional Business Centre(s): [Not Applicable/give details]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent *(no need to specify if the Principal Paying Agent is to perform this function)*]
- (viii) Screen Rate Determination:
- Reference Rate: [• month LIBOR / EURIBOR]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [For example, Reuters LIBOR 01/ EURIBOR 01]
- (ix) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]

- Reset Date: [ ]
- ISDA Definitions [2000 ISDA Definitions / 2006 ISDA Definitions]
- (x) Margin(s): [+/-][ ] per cent. per annum
- (xi) Minimum Rate of Interest: [ ] per cent. per annum
- (xii) Maximum Rate of Interest: [ ] per cent. per annum
- (xiii) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360], [30E/360 or Eurobond Basis] [30E/360 (ISDA)]

16. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) [Amortisation/Accrual] Yield: [ ] per cent. per annum
- (ii) [Reference Price: [ ]]
- (iii) Day Count Fraction [Actual/Actual (ICMA)] [Actual/365 or Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360], [30E/360 or Eurobond Basis] [30E/360 (ISDA)]

**PROVISIONS RELATING TO REDEMPTION**

17. **Call Option**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) [ ] per Calculation Amount of each Note and method, if any, of calculation of such amount(s):
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ] per Calculation Amount
  - (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period: [ ]

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example,*



- clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)
18. **Issuer Refinancing Call** [Applicable / not applicable]  
(if not applicable delete the remaining sub-paragraphs of this paragraph)
- (i) Date from which Issuer Refinancing Call may be exercised: [ ]  
(insert date three months prior to Maturity Date of the Notes)
- (ii) Notice period: [ ]
- (N.B. When setting notice periods, the Issuer will consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
19. **Put Option** [Applicable/Applicable on Change of Control only /Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period: [ ]  
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.)
20. **Final Redemption Amount of each Note** [ • ] [Par] per Calculation Amount
21. **Early Redemption Amount** [ • ] [Par] per Calculation Amount
- Early Redemption Amount(s) per Calculation

Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:

### Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

*(N.B. The exchange on [•] days' notice/ at any time should not be expressed to be applicable if the Specified Denomination of the Notes in sub paragraph 6(i) includes language to the following effect: "[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes).*

[Definitive Notes]

23. New Global Note:

[Yes/No]

*(If No "is specified here ensure that Not Applicable" is specified for Eurosystem eligibility in the relevant paragraph of section 5 of Part B of the Final Terms and if Yes "is specified here ensure that the appropriate specification is made in respect of Eurosystem eligibility in the relevant paragraph of section 5 of Part B of the Final Terms.)*

24. Additional Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/Amsterdam/give details.  
*Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraph 15 (v) relates]*

25. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
26. [Consolidation provisions: Not Applicable/The provisions [in Condition 17 (*Further Issues*)] [annexed to this Final Terms] apply]

### THIRD PARTY INFORMATION

[(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Vesteda Finance B.V.:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [NYSE Euronext in Amsterdam / None]
- (ii) Admission to trading: [Application is has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on NYSE Euronext in Amsterdam with effect from [ ].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on NYSE Euronext in Amsterdam with effect from [ ].]
- [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (iii) Estimated Total Expenses relating to admission to trading: [ ]

### 2. RATINGS

- Ratings: [The Notes to be issued [have been / are expected to be] rated:
- [S & P: [ ]]
- [Moody's: [ ]]
- [Fitch: [ ]]
- [[Other]: [ ]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- (Insert one (or more) of the following options, as applicable:)*
- [(Insert full legal name of credit rating agency entity) is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended.]*

*[(Insert full legal name of credit rating agency entity) is not established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority].]*

*[(Insert full legal name of credit rating agency entity) is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended.]*

*[(Insert full legal name of credit rating agency entity) is not established in the EEA but the rating is has given to the Notes is endorsed by (insert full legal name of credit rating agency entity), which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended.]*

*[(Insert full legal name of credit rating agency entity) is not established in the EEA, but is certified under Regulation (EU) No 1060/2009, as amended.]*

*[(Insert full legal name of credit rating agency entity) is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended, and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]*

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

*[(When adding any other description, consideration should be given as to whether such matters described constitute significant new factors and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

4. **[Fixed Rate Notes only – YIELD]**

Indication of yield:

[ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

## 5. OPERATIONAL INFORMATION

- |       |  |   |
|-------|--|---|
| (i)   | ISIN Code:   | [ ]   |
| (ii)  | Common Code:   | [ ]   |
| (iii) | [other relevant code]:   | [ ]   |
| (iv)  | New Global Note intended to be held in a manner which would allow Eurosystem eligibility:  | <p>[Not Applicable / [Yes/No]]</p> <p>Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][Include this text if Yes'selected in which case the Notes must be issued in NGN form]</p> <p>[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibilitycriteria have been met.]</p> |
| (v)   | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)]   |
| (vi)  | Delivery:  | Delivery [against/free of] payment  |

## 6. DISTRIBUTION

- |      |   |                             |
|------|---|-----------------------------|
| (i)  | Method of distribution:                         | [Syndicated/Non-syndicated] |
| (ii) | If syndicated, names and addresses of Managers: | [Not Applicable/give names] |

- |       |  |  |
|-------|--|--|
| (iii) | Stabilising Manager(s) (if any):               | [Not Applicable/ <i>give name</i> ]                                    |
| (iv)  | If non-syndicated, name and address of Dealer: | [Not Applicable/ <i>give name</i> ]                                    |
| (v)   | U.S. Selling restrictions                      | [Reg. S Compliance Category; TEFRA C/TEFRA D/<br>TEFRA not applicable] |

## GENERAL INFORMATION

- (1) Application may be made to Euronext for Notes issued under the Programme to be admitted to listing on Euronext Amsterdam. The listing of the Notes on Euronext Amsterdam will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to listing on Euronext Amsterdam will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note in respect of each Tranche. Prior to official listing and admission to trading, however, dealings may be permitted by Euronext in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may also be issued pursuant to the Programme.
- (2) The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in the Netherlands in connection with the establishment of the Programme and the Guarantees. The establishment of the Programme was authorised by resolutions of the management board of the Issuer passed on 2 July 2014 and the giving of the Guarantees by the Guarantors was authorised by resolutions of the management board of each Guarantor passed on 2 July 2014.
- (3) The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (4) There has been no significant change in the financial or trading position of the Issuer or of the Fund since 31 December 2013 and no material adverse change in the prospects of the Issuer or of the Fund since 31 December 2013.
- (5) Each Note with an original maturity of more than one year and its corresponding Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (7) There are no material contracts entered into other than in the ordinary course of the Issuer’s and the Guarantors’ business, which could result in any entity of the Fund being under an obligation or entitlement that is material to the Issuer’s and the Guarantors’ ability to meet their respective obligations to Noteholders in respect of the Notes being issued.
- (8) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer and the Guarantors are aware and are able to ascertain from the information published by such third parties no facts have been omitted which would render



the reproduced information inaccurate or misleading. The source of third party information is identified where used.

- (9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (10) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Issuer and in relation to (vi) and (vii), also on the Issuer's website:
- (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons and the Talons);
  - (ii) the Deed of Guarantee;
  - (iii) the articles of association (*statuten*) of the Issuer and the Guarantors and the English translations thereof;
  - (iv) the audited non-consolidated annual financial statements of the Issuer for the two years ended 31 December 2013 and 31 December 2012, respectively, and the audited non-consolidated annual financial statements of each of the Guarantors for the year ended 31 December 2013, respectively;
  - (v) the most recently available published audited annual financial statements of the Issuer and the Guarantors and the most recently available published interim financial statements of the Issuer and the Guarantors (if any);
  - (vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);
  - (vii) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and
  - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.
- (11) The audited financial statements of the Issuer as of and for each of the years ended 31 December 2013, and 31 December 2012, the audited financial statements of the Guarantors as of and for the year ended 31 December 2013 and the audited consolidated financial statements of the Fund as of and for each of the years ended 31 December 2013, and 31 December 2012, in each case incorporated by reference into this Prospectus, were audited by Ernst & Young Accountants LLP, independent auditors, as stated in its reports thereon appearing in the accounts incorporated by reference. Each of the auditor's reports for 2013 and 2012 is unqualified. The auditor of the Issuer, the Guarantors and the Fund is independent of the Issuer, the Guarantors and the Fund. The address of Ernst & Young Accountants LLP is Antonio Vivaldistrat 150, 1083 HP Amsterdam, the Netherlands. The auditor, who signs on behalf of Ernst & Young Accountants LLP, is a member of the Netherlands Institute of Chartered Accountants

*(Nederlandse Beroepsorganisatie van Accountants)*. Ernst & Young Accountants LLP has given, and has not withdrawn, its consent to the inclusion or incorporation by reference of its reports in this Prospectus in the form and context in which they are included.

**REGISTERED OFFICE OF THE ISSUER**

**Vesteda Finance B.V.**

Claude Debussylaan 15  
1082 MC Amsterdam  
The Netherlands

**GUARANTORS**

**Custodian Vesteda Fund I B.V.**

Claude Debussylaan 15  
1082 MC Amsterdam  
The Netherlands

**Custodian Vesteda Fund III B.V.**

Claude Debussylaan 15  
1082 MC Amsterdam  
The Netherlands

**ARRANGER**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**DEALERS**

**ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Coöperatieve Centrale Raiffeisen–  
Boerenleenbank B.A. (Rabobank  
International)**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**FISCAL AGENT**

**BNP Paribas Securities Services, Luxembourg branch**

33 rue de Gasperich  
Howald-Hesperange  
L-2085 Luxembourg  
Grand Duchy of Luxembourg

**LISTING AGENT**

**BNP Paribas Securities Services, Amsterdam branch**

Herengracht 595  
1017CE Amsterdam  
The Netherlands

**AUDITOR**

**Ernst & Young Accountants LLP**

Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

**LEGAL ADVISERS**

***To the Issuer and Guarantors***

**Allen & Overy LLP**

Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

***To the Dealers***

**Clifford Chance LLP**

Droogbak 1A  
1013 GE Amsterdam  
The Netherlands