AMVEST INVESTMENT MANAGEMENT SUSTAINABILITY REPORT 2016

CONTENT

Mission	3
2016 in numbers	4
Introduction by the Board of Management	5
About Amvest	6
Our impact on society	7
How we create value	8
Shortage of affordable housing for young professionals	9
Suitable housing for the ageing population in the Netherlands	12
Impact on energy transition in the built environment	15

Amvest IM Funds	18
Amvest Residential Core Fund	18
Amvest Living & Care Fund	19
Amvest Residential Dynamic Fund	19
Separate accounts	20
Internal operations	21
Stakeholders	21
Amvest IM's environmental performance	22
Suppliers	22
Employees	23
Sponsoring	23
Governance	24
Outlook	25
Reporting information	26
Index	27

MISSION

Comfortable living in an attractive area is one of the basic needs of people. We consider it our primary task and responsibility to provide such living conditions. It is our role to contribute to the availability of high-quality and affordable rental houses. We want to fulfil the implicit and explicit needs and expectations of the current and future tenants regarding comfort, service, quality of the area and sustainability.

2016 IN NUMBERS



1 The energy labels represent the most frequent energy label in the fund/portfolio written next to it.

2 The tenant satisfaction number concerns the satisfaction with the building, not with other aspects.

3 Compared with 2015.

INTRODUCTION BY THE BOARD OF MANAGEMENT

It is my pleasure to provide you with our Sustainability Report 2016. This report provides an overview of our sustainability policies and performance. With this report, we aim to satisfy our stakeholders' need for sustainability information with respect to our company.

At Amvest Investment Management (Amvest IM), we truly care about a sustainable and vital living environment. We develop and exploit real estate to fully satisfy the expectations of our stakeholders. By doing so we provide our tenants with attractive, suitable, sustainable and comfortable houses, while simultaneously providing our investors an optimal and appropriate return on investment.

In 2016, we redefined and sharpened our sustainability policy and ambitions significantly. We think that acceleration on several environmental and social domains is desirable to safeguard a valuable proposition for our investors and tenants in the long-term. We do this by addressing current and growing environmental and social challenges appropriately. We reviewed developments in society thoroughly and analyzed how these developments affect our business operations. In Dutch society, we are facing an ageing population requiring more healthcare facilities. We are catering to this demand by providing small scale, modern and comfortable healthcare facilities. In these facilities, there is much attention for the individual tenants and their needs. Another relevant societal development for us is the increasing pressure in urban areas on the housing market for middle income households and especially for young professionals. Increasing urbanization has caused rents to soar and it has resulted in difficulty to find suitable housing for young professionals. As Amvest IM, we aim to provide sustainable, healthy, comfortable and affordable homes to this group. The last main societal trend which is relevant for us is the energy

transition from a fossil-fuel based situation to a production based on truly renewable sources.

For the aforementioned societal themes, closely connected to our mission, we strive to act as a recognized frontrunner, based on a sound and solid performance. It is our conviction that only by addressing societal challenges appropriately and progressively, we can safeguard a futureproof and sustainable return on investment for our investors and a highly appreciated living environment for our tenants. In 2017, we will therefore develop our long-term sustainability program in order to accelerate the performance in this field based on our chosen themes and ambitions.

Key activities 2016 and examples

We did not only sharpen our sustainability strategy, but we undertook many initiatives to improve our performance. In this sustainability report, you will find a complete overview of our sustainability improvements. I would like to highlight some of these initiatives in particular.

In our current portfolio, we have made a start on transforming buildings and housing preferably to energy label A. In addition, we now measure the energy usage of all common spaces of which we have full ownership and in consultation with the owners' associations also in other complexes. The overall aim of this initiative is to have energy neutral common spaces in all those complexes.

From a social perspective, our projects based on the living-with-friends concept are worthwhile to mention. These projects consist of a central living room and shared facilities which make them affordable and attractive for young starters on the housing market. Moreover, we are growing in the field of providing suitable housing for elderly people, with the Woonkeur certificate. This enables this target group to live independently for as long as they wish.

Our efforts to improve the sustainability performance of our assets are also externally recognized and acknowledged. Two of our four funds, the Amvest Residential Core Fund and the Amvest Residential Dynamic Fund, obtained a Greenstar ranking in the GRESB benchmark. Our target for next year is to further improve our performance and score. In addition to that the Amvest Living & Care Fund will participate in the GRESB benchmark.

In 2017, we will unabatedly continue our sustainability journey, based on our three-year sustainability program. I look forward to informing you about this approach and our performance in our next sustainability report.

On behalf of the Board of Management,

Wim Wensing



ABOUT AMVEST

Amvest is a leading fund manager and developer of homes and residential areas in the Netherlands. This combination of activities across the entire value chain ensures a high quality and therefore a high return from property assets in its funds, as well as specialized knowledge of the Dutch housing market in every area of the organization.

Amvest's business model consists of development of houses and apartment complexes, fund management and investing in area development. By both investing and developing in a specific part of the Dutch real estate market, Amvest can realize a higher return both on investment as on our development activities. This way, the organization realizes growth in value and impact in the entire value chain, from strategic positions to individual rental houses. This report focuses on Amvest Investment Management (Amvest IM).

Amvest IM manages three funds and several separate accounts. The three funds are the Amvest Residential Core Fund (ARC), the Amvest Residential Dynamic Fund (ARD) and the Amvest Living & Care Fund (ALC). Furthermore, we manage large separate accounts primarily on behalf of AEGON.

At the end of 2016, the funds had 17,734 houses under management. The total value of Amvest IM's portfolio in 2016 was \in 3.4 billion.

This report focuses on Amvest Investment Management (Amvest IM), but for our internal operations, we focus on Amvest as a whole, because it covers the operations of our whole organization. When we mention Amvest IM, this is solely based on Amvest Investment Management, when we mention Amvest, this is based on Amvest as a whole.



OUR IMPACT ON SOCIETY

In 2016, we redefined and sharpened our sustainability policy and ambitions significantly. During this redefinition we focused on the societal impact of our core business. As a result of this strategic orientation, we identified our most material societal and environmental themes. These issues are reflected in our value creation model.

In the chapter on the next page we visualize the value creation model to show our impact on Dutch society. On the left we show what capitals (input) we need to develop and offer our products and services (activities and output). On the right we show how these outputs relate to the value we create and the impact we have on society (outcomes). This report is built upon the outcomes, the value we create for Dutch society. In the following chapters, we start with the three main outcomes, the focus areas. This is followed by the sustainability performance of our three main funds and separate accounts and then focusses on our own operations, mainly the input of our value creation model. With this report, we demonstrate our focus on the impact we have on society.

HOW WE CREATE VALUE



OUTPUTS

Healthy and growing portfolio return

Tenant satisfaction

Affordable housing

Healthcare facilities

Comfortable and healthy housing

Solar energy for our tenants

Energy neutral common spaces

OUTCOMES



PROVIDE AFFORDABLE HOUSING FOR YOUNG PROFESSIONALS



PROVIDE SUITABLE HOUSING FOR THE AGEING POPULATION



CONTRIBUTE TO ENERGY TRANSITION IN BUILT ENVIRONMENT



CREATE SUSTAINABLE SHAREHOLDER VALUE

SHORTAGE OF AFFORDABLE HOUSING FOR YOUNG PROFESSIONALS

RE

Universiteit Leiden

SHORTAGE OF AFFORDABLE HOUSING FOR YOUNG PROFESSIONALS

In the Netherlands, we experience a shortage of affordable rental homes. Especially in the bigger cities like Amsterdam, Rotterdam and Utrecht, the prices in the housing market are soaring. Furthermore, the houses of the housing associations are developed for and let out to the lower income class and consequently not accessible for the middle income class. For the middle income class and especially for young professionals, this means it is difficult to find suitable and affordable housing. At Amvest IM, we want to have a positive impact on this societal challenge by providing those target groups with affordable and suitable housing with rents ranging from ξ 711 – ξ 1200 monthly. We aim to achieve this by developing and investing in apartment complexes and houses in attractive and popular locations in the Netherlands. In this chapter we outline our activities that have a positive impact on this societal challenge.

HOUSES IN MID-PRICED SEGMENT

Number of houses	11,395
Growth in number of houses in 2016	790
Average rental price in 2016	€ 923
Ambitions 2017	> 1,000

Sustainable and comfortable living in the mid-priced segment

We are targeting young professionals with prices aimed at the mid-segment. Young professionals are able to pay for the mid-segment and are not able to rely on the social renting arrangement. Nevertheless they do not yet have the resources to buy a house in the booming housing market and often prefer flexibility. For this group, we focus on investing in sustainable and comfortable apartment complexes and houses on locations with high levels of economic growth, high quality living environment, good accessibility and in the proximity of facilities. These houses are primarily positioned in the mid-priced rental segment. In 2016, we had 11,395 houses in our portfolio for this segment. Customers especially appreciate the house itself and the surrounding living environment. Points for improvement are response on repair requests and the handling of complaints. One of our ambitions is to digitalize the contact with the property manager, to facilitate making appointments for reparations and to get in touch with the property manager regarding other questions.

DUIN

Duin is an area development project in Almere. In 2025, it will offer a total of 3,000 houses of which a large number of rental houses in de mid-segment. The project also offers offices, shops and entertainment facilities. Because it is situated very close to Amsterdam, it relieves the pressure on the housing market of Amsterdam. The place is ideal for young professionals who are looking for the combination of city and nature, where they can meet with friends, do sporting activities and many more.



Transformations

In addition to investing in new developments, we focus on transformations of buildings. In 2016, 17% of the office buildings were vacant in the Netherlands³. As Amvest IM, we invest in these buildings and in areas with significant level of vacancy and transform old office buildings into modern, sustainable and comfortable homes. This way, we do not only provide new possibilities for housing, but also positively impact the area around the building. In 2017, we will execute several transformations which will provide at least 316 houses.

Changing customer needs

Throughout the years, we have noticed the needs of our customers are changing in relation to their preferred housing. We have witnessed a diversification of our target groups. For instance, the number of singles is increasing and therefore, we no longer just focus on the usual family homes. The diversification of our target groups causes a diversification in the needs and wishes of our customers. Our ambition is to focus on these differences and offer the right house for every need. We have already started with our living-with-friends concept. These are projects with a central living area, where people can meet, cook and live together, but still have the privacy of their own home. These houses are often more affordable and attractive for single young professionals who are interested in living in a community. One example will be our project at the Sijpesteijnkade in the city center of Utrecht. Furthermore, we see healthy homes as a very important upcoming theme. Our ambition is to contribute to the health and liveability of homes. Therefore we will investigate what concepts contribute most to healthy homes in the coming years.

AMBITIONS FOR 2017

- Increase number of houses/complexes in this segment by 1,000 in 2017
- Digitalize contact with property managers
- Achieve an average customer satisfaction score of 7.5 out of 10

LONG TERM AMBITIONS

- Investigate concepts of healthy living
- Focus on changing customer needs and wishes by exploring different concepts

AMBACHTSSCHOOL GOUDA

One of our projects is the transformation of a formal craft school in Gouda to an apartment complex which offers 68 houses in the midsegment. The former craft school was built in 1932 and is now a monumental building. It was no longer in use after 2010 and since then a vacancy in Gouda. With this project, we contribute to the ambitions of the municipality to provide more rental houses which meet the high quality standards that are expected.

3 Planbureau voor de Leefomgeving, Leegstand van kantoren 2000 - 2016.



SUITABLE HOUSING FOR THE AGEING POPULATION

SUITABLE HOUSING FOR THE AGEING POPULATION

One of the main societal challenges on which Amvest IM has an impact is the shortage of suitable housing for the ageing population in the Netherlands. Our goal is to provide the elderly with homes that suit their needs in order for them to age comfortably. We aim to achieve this by enhancing the freedom of choice for the ageing population in the Netherlands. There is little space in the current Dutch healthcare system to choose the preferred type of house or the preferred environment. We provide homes for the elderly population in four different categories and in three price segments. By doing this, we allow for different preferences and budgets. In this section we firstly focus on the different healthcare facilities we provide. Next, we focus on providing facilities which allow people to stay at home longer.

	Dagelijks leven	Futurazorg	Het Gastenhuis	Zorggroep de Laren
Monthly rent & services	€ 750	€ 1,500	€1,500 - 2,000	€4,500 - 5,000
Focus area	Psychogeriatric care	Somatic care focus	Psychogeriatric care	Somatic care focus
Number of complexes in 2016	19	3	1	6
Number of residental units in 2016	380	50	20	106
Growth: number of residental units 2017	+240	+53	+80	+24
Customer satisfaction	8.3 (109 respondents)	-	-	8.2 (16 respondents)

Small healthcare facilities

We focus on investing in small healthcare facilities rather than in large complexes to create more time for the healthcare professionals to spend with the residents. In 2016, we had 28 healthcare facilities in our portfolio which equals 556 homes; this is an increase of 118% compared to 2015. Another important aspect of our focus is the affordability for our residents. The largest category of our investments in healthcare facilities is 'Dagelijks Leven.' Residence in 'Dagelijks Leven' is affordable for all budgets, even when the residents are dependent on social security. Our strategy of providing the elderly and their relatives with more options and smaller healthcare facilities is much appreciated. The average customer satisfaction score of our facilities on ZorgkaartNederland is higher than 8 out of 10⁴. Customers appreciate the quality and of the personal care and the ambiance of the homes. We are glad to receive such positive feedback and this score underlines the demand for- and importance of small healthcare facilities. Our ambition is to have healthcare facilities in all regions in the Netherlands. These facilities are available for different care needs; both for elderly

4 ZorgkaartNederland is the largest website on which patients can share their experiences about the care which they received. ZorgkaartNederland is an initiative of the Dutch Patients Federation. www.zorgkaartnederland.nl

HET POIRTERSHUIS

One of our healthcare facilities is Het Poirtershuis in Oisterwijk. The recently renovated school offers a second home to 20 elderly people who need psychogeriatric care. The school, which was constructed in 1957, was renovated, transformed and equipped with all modern facilities to provide comfortable and healthy homes. The facility is split in two groups of 10 people to provide the healthcare personnel with ample time to have attention for all individual residents.



Number of apartments in our healthcare facilities



people who need psychogeriatric care, such as dementia, as well as for those with somatic care needs. We are involved in all phases of the care complexes, from the development, to the exploitation. By being involved in all stages we ensure that the facilities meet our standards to ensure that we can provide the most comfortable, healthy and sustainable homes for our tenants and residents.

Ageing in the comfort of your own home

Besides providing healthcare facilities we also focus on providing the facilities which allow people to stay longer in their own home. We do this by striving for the 'Woonkeur' certification. This certification scheme focuses on whether the building in question is suitable for all stages of life ⁵. An example of this is the apartment complex IJpelaar. A dilemma we face in this regard is that it is hard for people to acknowledge that they are ageing; therefore it is difficult to specifically target this population with offers that appeal to their age. Adapting a home to possible future needs, for example because the tenants might become dependent on a wheelchair in the future, is often difficult to accept.

In 2017, we will assess the conditions which allow people to live longer in their own home. In this assessment we will focus specifically on the 'soft' criteria such as the facilities which are provided in the neighborhood and the prevention of loneliness amongst the elderly. This assessment will provide us with a framework of possible adaption opportunities which will allow us to support the elderly to comfortably stay at their own home longer. Another initiative we joined is the Senior Impact Lab of which Amvest IM is a partner. This is a network organization which supports and accelerates start-ups focused on the ageing population.

AMBITIONS FOR 2017

- Increase the number of healthcare facilities in our portfolio by 15 in 2017
- Assessment of 'soft' criteria related to living longer at home
- Investigate the possibility of collaboration with start-ups through the Senior Impact Lab

LONG TERM AMBITIONS

- 150 healthcare facilities in total in the Netherlands
- Actively promote qualities of houses without the 65+ label that are suitable for possible future needs



DE IJPELAAR

Our apartment complex provides the ideal environment for senior citizens to reside. De IJpelaar is situated next to a healthcare facility with a Grand Café which is also open for the neighborhood. In addition to that, the facilities within and outside the building, such as the layout of the apartment, the size and the ample outdoor space are suitable for senior tenants.

5 http://www.woonkeur-skw.nl/

IMPACT ON ENERGY TRANSITION IN THE BUILT ENVIRONMENT

IMPACT ON ENERGY TRANSITION IN THE BUILT ENVIRONMENT

The built environment is one of the focus areas of the energy transition in the Netherlands. Large investments are required to reduce CO_2 emissions related to powering and heating of houses. We are well aware of the importance of the energy transition and we take our responsibility in this challenge seriously. Our goal is to minimize the negative impact of our portfolio by striving for energy efficient apartment complexes and houses. Furthermore, we invest in solar energy in order to have a positive impact in this regard.

Sustainability in new complexes

Our GPR Gebouw Ambitions

In 2016, we have commissioned a research by WE consultants to analyze our current 'GPR Gebouw' score and we have set clear ambitions for both our apartment complexes as well as for our single family homes. GPR Gebouw is a software tool which allows investors and developers to measure the sustainability of buildings during all construction phases: policy development, design, realization and during renovations. GPR Gebouw assesses a construction on five different themes: Energy, environmental impact, healthy, quality of use and future value. The software tool yields grades between 1 and 10 on each of the five themes.



The ambition is to upload the details of new complexes in our portfolio into the GPR Gebouw tool to assess when the characteristics of the building correspond with the ambitions of Amvest IM. In order to do this properly we will train members of our staff to work with this program.

In addition to that, we are currently investing in the process of the construction of the first energy neutral apartment complex De Spakler in Amsterdam.

Sustainable renovations

In 2016, we have placed 301 solar panels on the roofs of our properties. On a yearly basis these solar panels have the capacity of producing approximately 66,000 kwh of energy which roughly equals the electricity use of 22 households annually⁶. In addition, we also offer our tenants of several complexes the opportunity to isolate their homes by offering cavity wall insulation, double glazing and floor insulations, without increasing the rent. Such renovations contribute to CO2 emission reduction associated with the heating of these homes. It also lowers the energy bills of our tenants significantly. When offering this to our tenants we provide a business case which clearly outlines the benefits, both financial and otherwise. Nevertheless it has proven difficult to convince them to take these opportunities. If the tenants decline the renovation offer, these renovations take place when they move out. In 2016, not many properties were fully

ENERGY NEUTRAL IN DE SPAKLER

Amvest IM is investing in the first energy neutral apartment tower in the Netherlands. Extensive insulation in combination with almost 2,000 solar panels has resulted in an EPC of 0. These solar panels contribute to 310,000 kWh in energy savings and 179,000 kilo of CO_2 emissions reduction each year. This is enough energy to power the 160 households in De Spakler. The CO_2 emission reduction is comparable to driving 20 times around the world in a gasoline car.⁷



renovated, however we assessed our portfolio and will renovate a significant number of properties in 2017.

Energy neutral common spaces

In addition to reducing the energy consumption of the homes in our portfolio, we want to make sure all of the common spaces in the apartment complexes are energy neutral. In order to achieve this, we have installed smart meters in all of the common spaces of our properties in 2015 and 2016⁸. With these we can monitor our energy use in real time with our data management system. Furthermore, we have replaced conventional light bulbs with LED lighting and we are renovating our elevators to reduce their energy consumption.

Average energy labels of houses and

apartment complexes in Amvest IM

portfolios in 2016



NUMBER OF SOLAR PANELS PLACED IN 2016

301

Further reduction of energy consumption

Our ambition is to further reduce the energy consumption of our apartment complexes. We want to stimulate our tenants to lower their energy consumption as well. In 2016, we did this by requiring our property managers to communicate to and inform our tenants about possibilities to lower their energy consumption. We would like to continue stimulating our tenants to reduce their energy consumption in the future. We are currently preparing to gather energy consumption data on zip code level. With this information we can specifically target our attempts for further reduction in the energy consumption of our tenants.

The numbers in the graph above show an average of all our funds and portfolios. In the following chapters, we will discuss the energy labels per fund more in detail.

C

D

E

G

29%

9%

15%

11%

14%

17%

5%

- 6 https://www.nibud.nl/consumenten/energie-en-water/ https://www.milieucentraal.nl/energie-besparen/zonnepanelen/ zonnepanelen-kopen/kosten-en-opbrengst-zonnepanelen/
- 7 Average energy consumption per household in the Netherlands: 3,000 kWh https://www.nibud.nl/consumenten/energie-en-water/ Average CO₂ emissions of a gasoline car per kilometre: 224 grams https://www.milieucentraal.nl/duurzaam-vervoer/fiets-ov-of-auto/
- 8 In all of the complexes of which we have 100% ownership. If we are in an owners association we have placed the placement of smart meters on the agenda.

AMBITIONS FOR 2017

- Gather information about energy consumption at zip code level
- Monitor the performance of our new complexed in relation to the GPR Gebouw ambitions
- Provide 30% of tenants of single family homes solar panels on which it is technically possible

LONG TERM AMBITIONS

- Energy neutral common spaces in all of our apartment complexes
- Further reduce energy consumption of our tenants
- Placement of solar panels on all single family homes where it is technically possible

h

AMVEST IM FUNDS

AMVEST RESIDENTIAL CORE FUND

The Amvest Residential Core Fund (ARC Fund) is our flagship fund. The fund is open to new investors and is characterized by a growth strategy. The ARC Fund has a high-quality and high-value residential portfolio. This includes both single family homes and apartment complexes. The focus is on investing in sustainable residential properties in the mid-priced rental segment, in the economically strong and attractive regions of the Netherlands (see our focus areas in the map below).



At the latest Global Real Estate Sustainability Benchmark (GRESB) the fund achieved the status 'Green Star'. The fund consisted of 6,743 houses at the end of 2016, an increase of 14.8% compared to the end of 2015, with an average age of 9 years. 76% of the complexes in the ARC Fund have energy label A.

The ARC fund has three main sustainability ambitions for the future. Firstly, the fund aims for a further development and implementation of the Environmental, Social and Governance (ESG) system within Amvest IM. This would aid portfolio and asset managers in identifying long-term goals and performance targets concerning environmental, social and governance topics. Additionally, the ARC fund intends to improve its GRESB score. This will be done by further investigating specific aspects of the GRESBbenchmark, like building certifications, data-monitoring and stakeholder engagement, regarding the current performance of the ARC Fund. Finally the fund will continue and extend its focus on energy consumption, renewable energy and the quality of its homes. This step consists of actions like the promotion and further implementation of initiatives like smart meters, LED-lights, solar plates and nets zero houses. These are also important point of attention when it comes to the acquisition of new buildings. That way, we can also make our portfolio more sustainable by focusing on our GPR Gebouw ambitions



Amvest Residential Core Fund - energy labels



AMVEST LIVING & CARE FUND

The Amvest Living & Care Fund (ALC) was created in 2013 for investments in healthcare facilities in the Netherlands. The ALC focuses on providing the housing facilities for the elderly population with (significant) care needs. We invest in four categories of healthcare facilities as mentioned in the chapter about providing homes for the ageing population in the Netherlands. The fund aims to establish long-term relationships with healthcare partners which are focused on small scale healthcare facilities. The characterizing aspects of these facilities are: low amount of tenants per complex, personal attention and high level care and service provision.

In 2016, we had 28 complexes in our portfolio with a total of 556 apartments. That is an increase of more than 110% in total compared to 2015. We aim to increase the amount

AMVEST RESIDENTIAL DYNAMIC FUND

The Amvest Residential Dynamic (ARD) Fund consisted of 2291 houses at the end of 2016 which are on average approximately 18 years old. ARD follows the sustainability policies of the ARC fund and the ALC fund. That means that in 2016, smart meters were installed in the apartment complexes in the ARD portfolio. In relation to the property manager the same contractual conditions are set in relation to the sustainability performance as for the other funds of Amvest IM. In 2016, the ARD fund participated in the GRESB benchmark and achieved a Green Star for its performance in 2015. The target for this year is to maintain the Green Star status for its performances in 2016. of complexes in the ALC portfolio to 150 in 2020 spread through the Netherlands. With an average of approximately 20 apartments per complex, we can provide homes for 3,000 senior citizens.

The ALC has taken some significant steps in 2016 with regard to the environmental aspects in its portfolio. The specifics of a part of our portfolio were uploaded in the online tool GPR Gebouw. Based on the results of GPR Gebouw we have developed new ambition levels regarding procurement of new complexes for 2017 and onwards. 79% of the complexes ⁹ in the ALC have energy label A. Our ambition is that all complexes with the technical possibilities have energy label A. Furthermore, we will also participate in the GRESB with this fund in 2017 about the performance of 2016.

Amvest Living & Care Fund - energy labels





Amvest Residential Dynamic Fund - energy levels



9 Some energy label are not final in which case an estimate is used.

SEPARATE ACCOUNTS

The portfolios of the separate accounts consist of relatively old houses. The portfolios is located in various parts of the Netherlands at the end. The average age of the buildings in the portfolios is 40 years. The aim of AEGON is to renovate the buildings in its portfolios to achieve an average B label by 2020. Nevertheless, the performance of the buildings in relation to energy consumption is not the only ambition. The AEGON portfolios are long term investments; this means that the buildings are renovated in order to remain a comfortable and healthy place to live for over 20 years and more. In 2016, the entire portfolio has been assessed and 4,000 houses have been labelled to be completely renovated in the coming years. In 2016 we have started with the renovation of an apartment complex in Zoetermeer with 162 apartments. In this complex the parapets are to be replaced, the glass will be replaced by insulated glass, the asbestos will be removed and the kitchens and bathrooms will be replaced, in order to create comfortable and healthy homes for the next 20 years. For 2017 the renovation of 188 residences is scheduled, excluding the completion of the renovation in Zoetermeer. In addition to renovation of older houses in its portfolio, the AEGON portfolios also invest in the transformation of vacant offices to provide more affordable houses in cities where the housing market is under a lot of pressure. Separate accounts - energy labels



INTERNAL OPERATIONS

STAKEHOLDERS

The interests, concerns and remarks of our stakeholders are important in defining our societal impact. We take these into consideration in our strategic decision making process. Over the last few years we have witnessed an increasing awareness and interest in our social and environmental strategy and results. In order to stay informed on all the concerns and expectations of our stakeholders, we have a continuous dialogue with them.

We identify the following main stakeholder groups: Investors, tenants and their interest groups, The Dutch Authority for the Financial Markets, local communities, municipalities, employees and suppliers. In this chapter we explain how we engage with those groups, except for employees and suppliers, which are discussed in the following chapters of this report.

Investors

Amvest IM has various funds and portfolios under management. We communicate with the investors of the various funds and portfolios on a continuous basis via meetings of Advisory Boards, investor meetings and personal visits. Investors are more and more interested in sustainability information; especially in quantitative information on CO₂ and energy, and in our score in the GRESB and the underlying drivers. We strive to be fully transparent to all investors, which is secured in our governance model and as a result this sustainability report is more detailed and transparent compared to last year.

Tenants

Our tenants are, together with our investors, one of our most important stakeholder groups. We therefore stay in continuous dialogue with them via our property managers. They are the first contact point for our tenants when they have issues or questions about their building. Our property managers also communicate with tenants about possibilities to reduce their energy use and options for solar panels. Furthermore, we yearly organize meetings with the tenant interest groups. During these meetings, the most prominent item on the agenda is an increase of the rent. Nevertheless, other topics such as our strategy, market developments and sustainability are also discussed. We also have a tenant platform in place (Platform Amvest Huurders). Members of this platform are delegates of the different tenant associations. Twice a year, we organize meetings with the platform in which we discuss topics as sustainability and via this platform we stimulate the tenant associations to take actions regarding sustainability.

Local communities

In our projects, we often depend on the support of the local communities. We do not have a formal engagement policy, but we engage with local residents on a regular base. We organize local community meetings about the site planning and we take their input into consideration when making important decisions. For instance at Strijp R in Eindhoven, we organized a meeting in which the residents gave input on what important and iconic parts of the area had to stay in place and what kind of ambiance the area had to offer. This type of engagement is always dependent on the local setting and circumstances. We therefore strive for flexibility in our local community engagement approach.

Municipalities and other governmental organizations

We regularly engage with municipalities and other governmental organizations. Together with municipalities, we discuss the possibilities to develop and exploit houses in attractive areas for affordable prices. Furthermore, we engage in several projects. An example is seven square endeavour. In this international project we collaborate with the municipality of Rotterdam and other partners to develop futureproof city concepts. Examples of these are solutions for pollution and flooding. Another example of innovative collaboration is the Platform Amsterdam Middle segment (PAM) agreement. Five housing corporations and five institutional investors have joined forces in order to be able to provide more residences in the middle segment. The aim is to construct at least 10.000 houses with rents between €725 and €1,000. Through PAM we are currently in consultation with the municipality of Amsterdam about the available areas for the construction of these houses.

Partnerships

In addition to our engagement with our main stakeholders, we participate in different groups to learn about new developments and have an impact on the sector. We are member of and participate in the Dutch Green Building Council, the Association of Institutional Property Investors in the Netherlands (IVBN), European Association for Investors in Non-Listed Real Estate Vehicles (INREV) and Neprom (Association of Dutch Project development Companies).

AMVEST'S ENVIRONMENTAL PERFORMANCE

Our main focus regarding our environmental performance is aimed at reducing the energy consumption of the building in our portfolios, since that has the largest impact on society. Nevertheless we also strive to minimalize our own CO_2 -footprint in our accommodation- and our mobility policies.

Relocation to a more energy efficient office space

In order to minimalize our CO₂-footprint in relation to our accommodation we will move to a new office in 2017. The new building at Cruquius has an EPC of 0.7. Additionally, the building is heated by a thermal storage system.

For the electricity procurement, we aim to procure 100% renewable energy for our new office.

Thermal heat storage

In 2007, Amvest created a subsidiary company called Energie BV in order to be able to supply their tenants with sustainable energy. Within this company Amvest has constructed thermal heat storage installations underneath some apartment complexes in its portfolio. Owning and operating the heat storage installations has provided Amvest with several advantages. It enables us to develop buildings with a lower EPC standard. Moreover it provides us with the opportunity to lower the overall costs of our tenants and it increases the value of our properties.

SUPPLIERS

In our cooperation with business partners and suppliers, we focus on long term relationships, because that allows for a focus on consistency and quality. When we look for partners such as property managers, we focus on partners which share our commitment to deliver the best service and look for possibilities to improve sustainability. Other conditions are compliance with the law and regulation, especially in relation to good working practices.

Transparency and knowledge sharing

The daily management and maintenance of our property portfolio is conducted by our property managers. Therefore, contact with most of the suppliers (e.g. maintenance workers and cleaning staff) of those properties is also carried out by the property managers. Our policy is to work with as little suppliers as possible, because we focus on the long term relationship and quality. We are really working together and focus on transparency and knowledge sharing, for example about sustainability criteria.

Sustainability as a main theme

We periodically meet with our property managers. In those meetings, sustainability is one of the main items on the agenda. Furthermore, the customer satisfaction numbers are presented and based on those results and the results on the Service Level Agreements, we choose a property manager of the year. In the Service Level Agreements, we also focus on sustainability. One of the subjects of 2016 was the placement of smart meters by the property managers. Another ambition in the agreement is to achieve energy neutral common spaces in all of our buildings. One of the aspects which have already have achieved is the purchase of 100% green electricity for the common spaces of the complexes of which we have full ownership.



CRUQUIUS

In the east of Amsterdam we are currently developing the Cruquius island. When we invest in area development, we aim for a combination of factors to create the ideal environment for living, working and recreation for now and for the future.

We will relocate our office to Cruquius by the end of 2017 in order, because of the proximity to our tenants and due to the energy efficiency of the complexes which are developed in Cruquius. By moving to an energy efficient complex we will be able to significantly reduce our CO_2 footprint.

Promoting sustainability in the supply chain

Together with the Association of Institutional Property Investors (IVBN), we focus on implementing sustainability as one of the demands we have for our suppliers. The IVBN asked the top 20 suppliers of the member organizations if they would agree to sign a sustainability agreement. A next step is to undertake a survey at our suppliers which focuses on promoting sustainability within the supply chain.

EMPLOYEES

Amvest is a knowledge intensive organization and our people are the driving force. Creativity, stability, integrity and effectiveness are the core values of our organization and of our employees. High employee satisfaction and engagement are crucial for us; we want to be employer of choice. Together with our employees we build Amvest and create value for society.

Knowledge sharing is key

At Amvest, we pursue an open culture, with attention to knowledge sharing and innovation. We aim to achieve this by focusing on the quality of our people and their own responsibilities. We offer our people possibilities to develop themselves. Our employees have full flexibility of choosing their own training. Our training budget is 3% of the total wage costs. Furthermore, Amvest is a flat organization with short lines to management, which creates the openness needed for knowledge sharing.

Organizational quality and growth

In 2016, we experienced a growth of 20% in employees after years of decline. We now have an employee base of 73. We have no ambitions to further increase our employee numbers, because we focus on being a lean and agile organization. We focus on the quality of our people. Therefore, we have no diversity policy; we believe that quality is more important than background or gender. At the moment, 20% of our higher management consists of women and we have a total of 20 female out of 73 employees.

Engagement and satisfaction

Employee satisfaction and engagement are important factors that drive our organization. Once every three year we set out an employee satisfaction survey. The last one was carried out in 2015. We scored a 7.4 on engagement and a 7.5 on satisfaction, both scores are in line with the previous survey. Employees appreciate the fact that they have the freedom perform their own work and enjoy their own responsibilities. Improvements can be made in offering a more inspiring work environment. To keep our engagement and satisfaction high, we offer good employment conditions. Furthermore, we try to keep our employees fit. In 2016, our absenteeism was 2.8% and this low rate is in line with our performance over previous years.

Integrity and transparency as core values

We think integrity and transparency are important values. Therefore, we have several policies in place for employees when they have complaints, when they feel discriminated or in case they experience other difficulties. In 2016, as in previous years, we received no complaints. Furthermore we have a code of conduct for all our employees. Our Works Council also represents the interests of our employees and we maintain an open and harmonic relationship with the council.

Future developments

In 2017, we will move to a new office in Amsterdam. In this new office, we will work with the open space concept, which is quite new to our employees. For some, this change is still challenging, so we see it as our task to offer the best work environment possible and to help employees that have issues with adapting to this new environment. We do this in close cooperation with our Works Council. Furthermore we want to take the next step in creating more flexibility, to offer our employees more possibilities to work at home or from a different location.

SPONSORING

With our sponsoring activities we focus on our impact on society on three different core themes. The themes are sports and health, cultural facilities and public debate. Within these themes, we financially support different projects as well as contribute with our knowledge as a real estate organization. Furthermore, we find it important that most of our sponsoring activities are directly linked to our area development projects to show our visibility and commitment.

Sports and health

In the field of sports and health, we contribute to two different projects. The Cycle Tour Amsterdam is a cycle tour through Amsterdam and its surroundings and is focused on amateur cyclists of all categories. Besides a financial contribution, we also use this event to invite our partners, employees and their families to join this event. The same goes for the other sports project we support, the Duin triathlon. This triathlon is also directly linked to our area development Duin.







Cultural facilities

We consider it very important to cooperate with the cultural facilities in the neighborhoods in which we invest. Cultural facilities are of significant importance in creating value in residential areas. Therefore we support two different cultural projects which are linked to our area development projects. The EYE film museum in the north of Amsterdam is situated at Overhoek where we realize a large number of houses in the coming years. Furthermore, we support the Vis à Vis theatre in our area development Duin. In addition to the financial support, we annually visit the theatre with our employees.



Public debate

Amvest is a knowledge intensive organization. We think it is important to contribute to the public debate with our thorough knowledge of the real estate sector and area development. Therefore, we contribute to the platform Forum Stedelijke Vernieuwing, which is a knowledge organization focused on urban renewal.

GOVERNANCE

Sustainability is well embedded within the organization of Amvest IM. We have set up a sustainability taskforce in our organization of which Wim Wensing (member of the board and director of Amvest IM) is in charge and he carries final responsibility for sustainability within Amvest IM. The fund manager and risk manager are responsible for the funds. The daily management of the portfolio is done by a dedicated portfolio manager who is supported by technical and asset managers. Both one technical manager and one asset manager of each fund are part of the sustainability taskforce. Additionally, there is also one member of the staff included in the sustainability taskforce. We aim for inclusion of employees throughout the different segments of Amvest IM to ensure the embeddedness of sustainability throughout the organization.

Compliance

We think it is important to be fully compliant. Therefore the three funds of Amvest IM: the Residential Core fund, the Living & Care fund and Residential Dynamic fund, all have a license to operate under the AIFM Directive and fall under the inspection of the Dutch Authority for the financial markets (AFM). This organization promotes the conscientious provision of financial services to consumers and supervises the proper functioning of the capital markets. We value the supervision of the AFM and strive for continuous excellence regarding compliance with national and European financial legislation.

OUTLOOK

The housing market and the related housing requirements are in a continuously changing state. We consider the proper functioning of the housing market, on which tenants can easily find a home which suits their needs, wishes and financial means, our responsibility.

For the coming years, we see several developments on which our organization has to act and plays an important role in shaping the future of housing. One of these developments is the focus on healthy living areas. We will act on this by developing concepts for healthy homes and focus on environmental friendly areas which focus on good air quality. Another development is the growing amount of elderly who live in loneliness. We act on this by improving our already strong portfolio of small healthcare facilities, which offer more time for the healthcare professionals to spend with the residents. Sustainability will become more important to all our stakeholders, for instance for our tenants and the growing focus of sustainability in regulations. We expect comfortable and energy neutral homes to be the standard. We will keep challenging ourselves to focus on the best possible solution for our tenants and the environment, to offer the best solutions for comfortable, healthy and sustainable houses.

In 2017, we will develop a long-term sustainability program in order to accelerate our performance in this field based on our chosen themes and ambitions, including SMART targets on KPI's which reflects our perfomance on our sustainability focus areas.

REPORTING INFORMATION

This sustainability report is published on 11/5/2017. This report is mainly focused on investment management and not on development. We have prepared this report in line with several standards and benchmarks. We endorse the United Nations Principles for Responsible Investment. We have used the GRI Standards as underlying bases for our report. We do not yet report in accordance to the Standards. Our ambition is to report in accordance with the Global Reporting Initiative (GRI) Standards - Option Core in the following years. The GRESB requirements were taken into account in the creation of this report. Another ambition is to work towards creating an integrated report in the following years. Furthermore, we will include Amvest Development in the sustainability report next year.

INDEX

Dutch Green Building Council

The Dutch Green Building Council is an independent group that aims to make urban environments sustainable. The Dutch Green Building Council develops and issues the internationally renowned BREEAM-NL certificate. This certificate is the most important indicator to compare buildings, projects, and land on the basis of sustainability in The Netherlands.

Energy label

The energy label was created by the Dutch government in 2015 to provide insight into the energy efficiency of buildings. It is obligatory to provide information about the energy label to new owners or to the new tenants in order to allow them to make an informed choice which includes considerations about the energy related performance of the building.

EPC Standard

Energy Performance Certificates are created to record how energy efficient a property is as a building. This allows prospective buyers, tenants and owners to see information on the energy efficiency and carbon emissions so they can consider energy efficiency and fuel costs as part of their investment.

ESG

Environmental, social and governance criteria are a set of standards for a company's operations. Environmental criteria are concerned with the performance in relation the natural environment. Social criteria relate to how a company manages relationships with its employees, suppliers, customers and the communities where it operates. Governance deals with aspects related to executives play, audits and internal controls, and shareholder rights.

GPR Gebouw

GPR software assesses and rates environmental impact, energy performance and design quality of buildings and urban developments. It is a management tool for sustainability decision making. It helps to find the optimum between reduction of environmental impact, energy performance and design quality of a building.

GRESB

GRESB is an investor-driven organization that transforms the way the environmental, social and governance (ESG) performance of real assets globally is assessed. GRESB conducts an annual real estate investment benchmark, capturing critical information regarding ESG performance and sustainability best practices.

INREV

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. It is Europe's leading platform for sharing knowledge on the non-listed real estate industry. Its goal is to improve transparency, professionalism and best practices across the sector, making the asset class more accessible and attractive to investors.

IVBN

Association of institutional property investors in the Netherlands. The aim of the organization is to promote the investment climate for real estate in the Netherlands.

NEPROM

This is the Association of Dutch Project development Companies. The NEPROM strives to improve the cooperation between the government and the development companies during the development and construction of real estate projects.

PAM agreement (Platform of Amsterdam Middle segment)

Five housing corporations and five institutional investors have joined forces in the PAM agreement in order to be able to provide more residences in the middle segment. The aim is to construct at least 10,000 houses with rents between \in 725 and \in 1,000.

Service Level Agreement

The service level agreement is the contract made with the property manager. The contract has a certain fixed price with the opportunity to receive bonuses for extra services provided; such as informing tenants about the importance of energy consumption reduction.

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We always aim to further improve our sustainability activities and reporting. Therefore, we highly appreciate your feedback, questions and comments on our sustainability report. Please contact us.

