



# AMVEST **LIVING & CARE** FUND

## Directors Report 2019





**‘Our mission is to enrich the quality of life for those who need care by offering a place that each resident will want to call their home.’**



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# PROFILE

By having a strong focus on creating and investing in energy-efficient care homes that are rented out to our care partners or people with a low demand for care, we want to provide comfortable, caring and sustainable environments for everyone who needs assistance in their daily life, regardless of their budget.



## ASPECTS FOR PROFILE:

- Established in 2013 by AEGON and PGGM.
- Dutch non-listed (residential related) healthcare real estate investment fund.
- Benchmarked by GRESB on sustainability.
- No leverage used.
- Fiscally transparent Fund for joint account.
- Regional diversified portfolio.
- Managed by a dedicated team.
- Partnership with care providers and real estate developers.
- Care providers with a focus on different target groups (care and budget)

**Dagelijksleven**  
Gewoon, als thuis

**FUTURA**  
WONEN ZORGEN LEVEN!

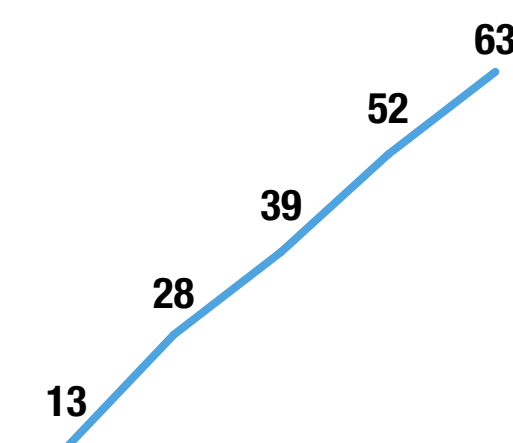
  
Zorggroep De Laren

HET  
CAST  
EN  
HUIS



# 63

Number of  
locations

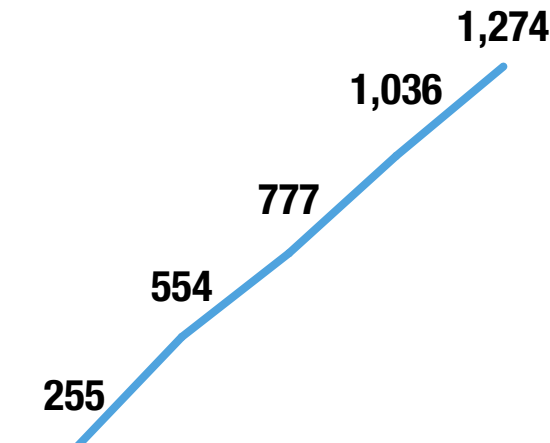


2015 2016 2017 2018 2019



# 1,274

Number of  
residents

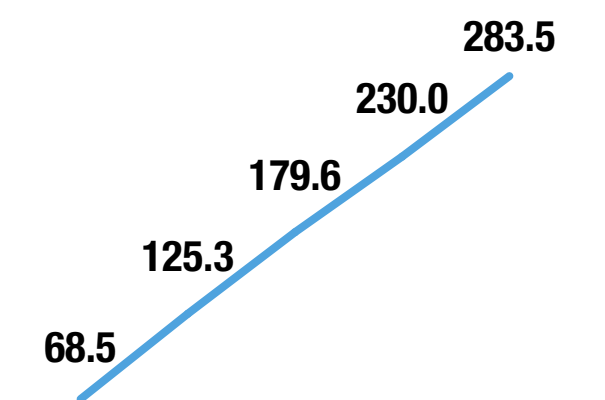


2015 2016 2017 2018 2019



# € 283.5

Total assets  
(in million EUR)

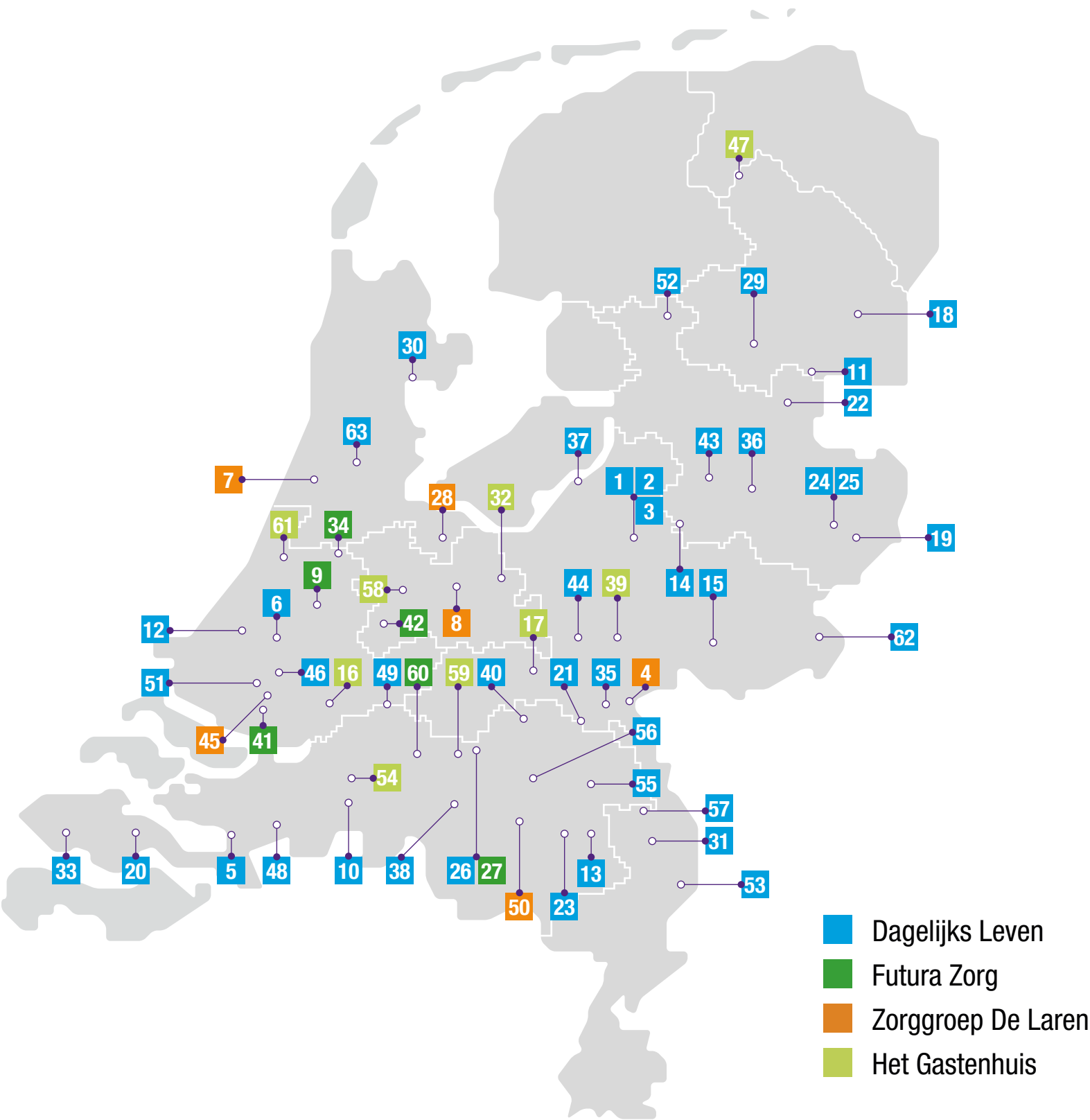


2015 2016 2017 2018 2019



# PORTFOLIO

## PROPERTIES IN 2019

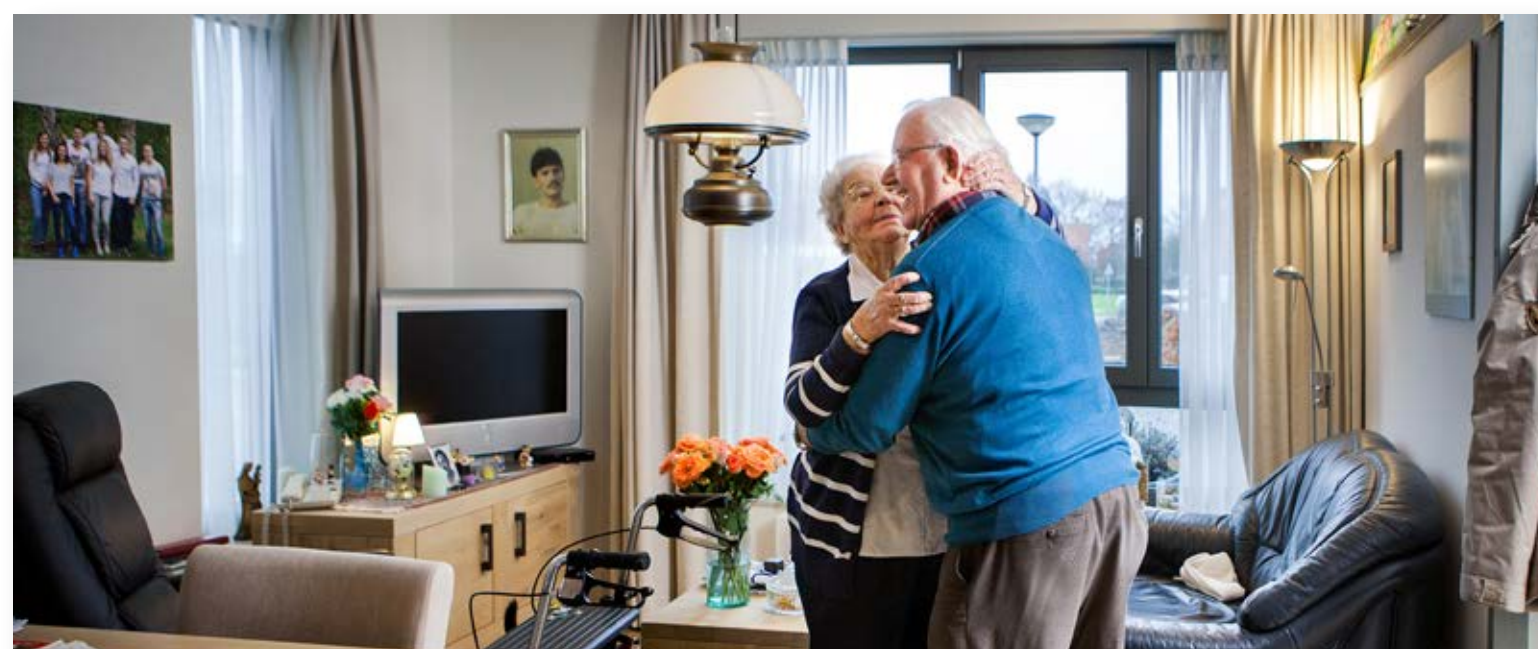


- |    |                |    |                     |    |                |    |                |
|----|----------------|----|---------------------|----|----------------|----|----------------|
| 1  | Apeldoorn      | 17 | Druten              | 33 | Middelburg     | 49 | Sleeuwijk      |
| 2  | Apeldoorn II   | 18 | Emmen               | 34 | Nieuwveen      | 50 | Son en Breugel |
| 3  | Apeldoorn III  | 19 | Enschede            | 35 | Nijmegen       | 51 | Spijkensisse   |
| 4  | Berg en Dal    | 20 | Goes                | 36 | Nijverdal      | 52 | Steenwijk      |
| 5  | Bergen op Zoom | 21 | Grave               | 37 | Nunspeet       | 53 | Tegelen        |
| 6  | Berkel         | 22 | Hardenberg          | 38 | Oisterwijk     | 54 | Teteringen     |
| 7  | Bloemendaal    | 23 | Helmond             | 39 | Oosterbeek     | 55 | Uden           |
| 8  | Bosch en Duin  | 24 | Hengelo             | 40 | Oss            | 56 | Veghel         |
| 9  | Boskoop        | 25 | Hengelo II          | 41 | Oud-Beijerland | 57 | Venray         |
| 10 | Breda          | 26 | 's-Hertogenbosch    | 42 | Oudewater      | 58 | Vleuten        |
| 11 | Coevorden      | 27 | 's-Hertogenbosch II | 43 | Raalte         | 59 | Vlijmen        |
| 12 | Delft          | 28 | Hilversum           | 44 | Renkum         | 60 | Waalwijk       |
| 13 | Deurne         | 29 | Hoogeveen           | 45 | Rhoon          | 61 | Warmond        |
| 14 | Deventer       | 30 | Hoorn               | 46 | Ridderkerk     | 62 | Winterswijk    |
| 15 | Doetinchem     | 31 | Horst               | 47 | Roden          | 63 | Zaandam        |
| 16 | Dordrecht      | 32 | Leusden             | 48 | Roosendaal     |    |                |





# KEY HIGHLIGHTS 2019



**9.1<sup>1)</sup>**

Resident satisfaction for accommodation  
(Zorgkaart Nederland)

**5.1%**

Dividend yield  
distributed to  
the Investors <sup>1)</sup>

**FIRE  
SAFETY:**

100% of buildings  
include certified fire  
alarm systems <sup>1)</sup>



**5 star<sup>1)</sup>**

GRESB rating  
(89 out of 100 points)



**296,468 KWH**

On site renewable energy produced  
(saving 192 tons CO<sub>2</sub>)



238 care  
apartments added  
(11 buildings)



Pipeline of 481  
care apartments  
(11 buildings)

Average Energy  
Use Intensity:  
123 kWh/m<sup>2</sup>/year <sup>1)</sup>

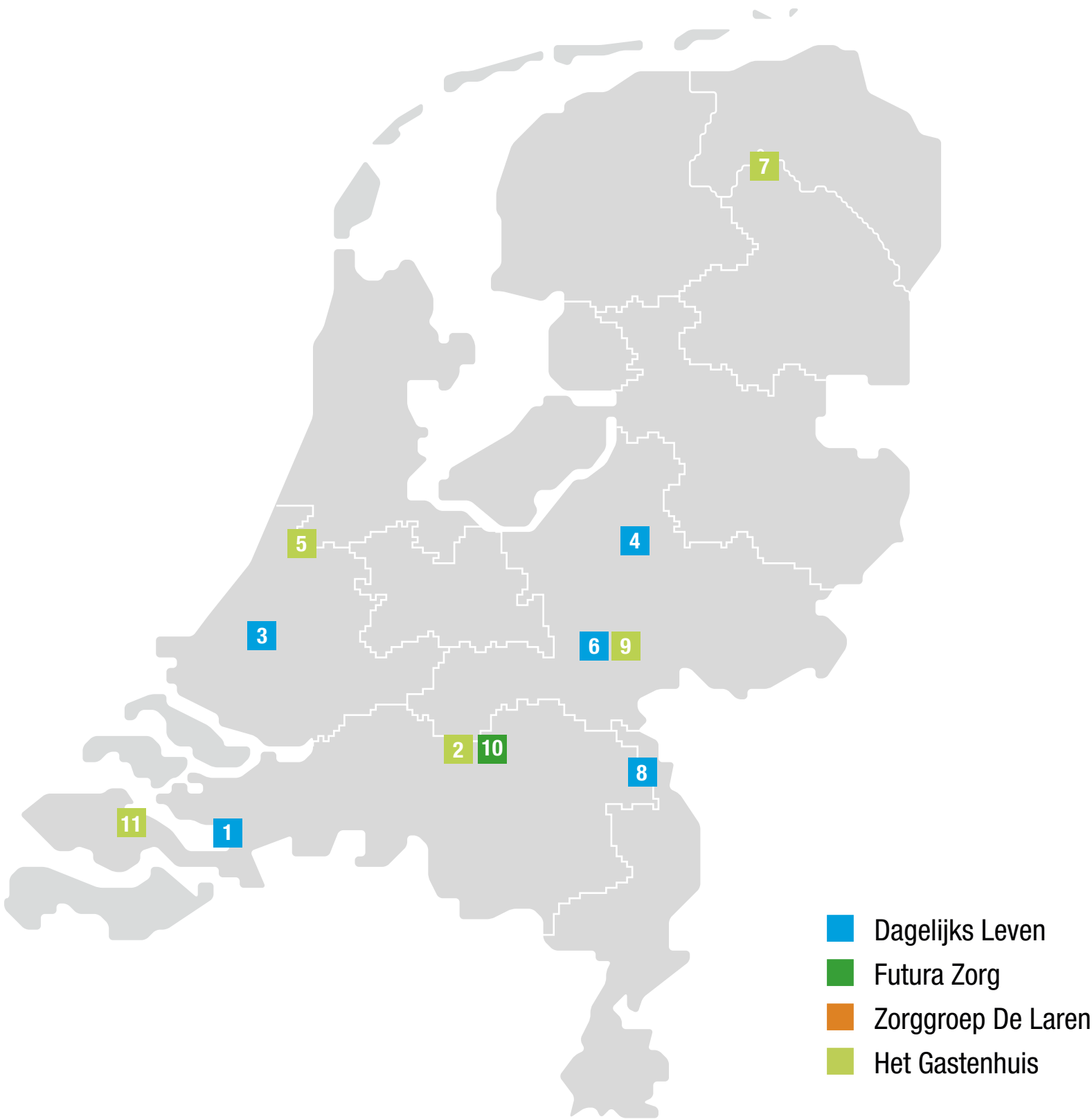
Average  
carbon emission:  
22.33 kg/m<sup>2</sup>/year of  
which 1.19kg/m<sup>2</sup>/year  
forest compensated <sup>1)</sup>

<sup>1)</sup> Please refer to the KPI tables in the Annexes. KPI's include limited assurance by external auditor.



# KEY HIGHLIGHTS 2019

## PROPERTIES ADDED IN 2019





# REPORT OF THE FUND MANAGER



Mrs. de Hoop, Futura - Waalwijk



# MANAGEMENT TEAM FOREWORD

## MORE HOMES THROUGH A BROADENING OF STRATEGY

**2019 will go down in the records for Amvest Living & Care Fund as the year when its strategy was broadened. With its choice of new target groups, partners and locations, the Fund has addressed its responsibility in the market for homes and care by adding extra homes and helping more people to find a pleasant place to live. A fine marker for a Fund that is now fully mature.**

We can look back on an excellent year. The portfolio has been growing steadily and the results are good, meaning that once again there is an excellent, stable return for our investors and we are very proud of this. But our real pride focuses on the content: the decision to broaden our strategy.

For us, broadening our strategy is the best response to increasing pressures in the market. By expanding our field of operations from intense care to a mix of light-touch care, intense care and everything in between, we can rapidly add more homes. On top of the familiar concepts of Het Gastenhuis, Dagelijks Leven, Futura Zorg and Zorggroep De Laren, we are also keen to work with other concepts, which is why we have opened the door to collaborations with new partners.

'Broadening our strategy is the best response to increasing pressures in the market. By expanding our field of operations from intense care to a mix of light-touch care, intense care and everything in between, we can rapidly add more homes.'

**Wim Wensing, Fund Director**

## BROADENING

We are looking at new target groups, such as the elderly with light to moderate care needs who still like to keep active. Or people who would like to live close to – but not in the same complex as – their partners who may be showing signs of incipient dementia. We are also looking into the possibility of short-stay units as part of a living complex for the elderly. This could offer a solution for the growing group of people who leave the hospital but are unwilling or unable to return to their homes. We put more effort into acquisitions in towns. Because the concept of 20 residents in an isolated town location is challenging, we have looked into whether it might be possible to integrate our concepts into a larger (residential) building and how we can realise greater impact on a single location. One of the outcomes of this is the idea of a tandem site. By completing two houses of a Care Home in a single site, we double the number of people to whom we can offer a home while retaining the small-scale feel of the concept. We are currently realising this town variant in a number of places.

## KEEPING THE ELDERLY ACTIVE

Amvest Living & Care Fund continues to champion high-quality, affordable homes with personal attention and excellent care at their heart. We believe in a living environment that gets people active and allows them to keep making a useful contribution to society. A home that is a fantastic place to be yourself and keep doing what you've always done and enjoyed, despite any restrictive conditions. Whether this means looking after your next-door neighbour, doing chores together or work on a common hobby. This is why we are always on the lookout for connections that contribute towards, such as a children's crèche in a complex for the elderly.

## NEW SITES

We opened 11 delightful new sites in 2019, which will eventually accommodate 238 residents.

This involved working alongside different developers on some innovative concepts. Het Gastenhuis in Warmond, for instance, is a fine example of a tandem site. Amvest Development has redeveloped a large, dated care home here for the Amvest Living & Care Fund, which will offer accommodation for two times 19 residents, each with their own facilities and living area. This allows us to meet the growing demand for residential accommodation in towns without making concessions to the small-scale, personal character of the housing format.

'We opened 11 delightful new sites in 2019, which will eventually accommodate 238 residents. This involved working alongside different developers on some innovative concepts.'

**Niclas von der Thüsen, Director of Finance and Risk**



'Our wide-ranging policy on sustainability means that the Fund has scored the maximum 5 stars, for the third year in a row, in the Global Real Estate Sustainability Benchmark (GRESB).'

**Bart Terpstra, Portfolio Manager**

SUSTAINABILITY

The positive line has been continued in relation to sustainability. We have examined a large proportion of our portfolio to see whether the complexes are “Paris-proof” and, if not, we have put together a road map for achieving this. The complexes in question were mainly ones with relatively high power consumption and CO<sub>2</sub> emissions. The analysis ran from ‘quick wins’, such as water-saving shower heads, through to making an entire property energy neutral. Any necessary work is undertaken at an opportune time. All of the necessary long-term investments for this are now in place.

Sustainable use of our properties is also high on our agenda, which is why we improved insights into the energy consumption for all of our properties using a dashboard, to enable targeted action where necessary. This allows us to translate the strategy that has been formulated for the entire portfolio down to the level of individual properties. The initial results are promising.

Our wide-ranging policy on sustainability means that the Fund has scored the maximum 5 stars, for the third year in a row, in the Global Real Estate Sustainability Benchmark (GRESB).

CAUTIOUSLY POSITIVE

Separating living from care is increasingly becoming the norm. National politicians are showing an interest in our accommodation formats, with an example being the Minister’s visit to Het Gastenhuis in Vleuten.

This was a positive sign, showing improved political commitment and understanding our message but we still have a long way to go. Finding suitable sites remains a serious challenge. Debates on the need for more accommodation for the elderly may well be ongoing in many local authority areas, but this is not yet being translated sufficiently into zoning plans.

FUTURE DEVELOPMENTS AND OUTLOOK

We are enthusiastic about the path we have taken towards broadening the Fund. We actively pursue the acquisition of sites that are also suitable for homes for those with lesser care needs. For this growth, we are looking not just at new-build properties but also at existing ones. This approach can ensure that we can accelerate the completion of homes, letting us help more people find an attractive and suitable home. However, the outlook for the rest of the year is very uncertain due to the ongoing corona/COVID-19 crisis. The health crisis especially affects the well-being of our residents and the operation of our care providers. The situation also poses special and hard-to-predict risks for the global economy, which can affect the Amvest Living & Care Fund. A likely delay in construction activity could lead to a drop in new home completions this year. Therefore, the achievement of the targets set in the Fund’s portfolio plan is at risk. Nevertheless, the rental market for care properties is expected to maintain a high demand for the high quality homes of the Amvest Living & Care Fund. Given the fluid state of developments at this time, the Fund Manager will continually re-assess the impact on the execution of the Amvest Living & Care Fund strategy and performance of its portfolio.

On behalf of the management team at Amvest Living & Care Fund,

*Amsterdam, the Netherlands, 26 April 2020*

Wim Wensing, Fund Director  
Niclas von der Thüsen, Director Finance and Risk  
Bart Terpstra, Portfolio Manager



**Bart Terpstra, Wim Wensing and Niclas von der Thüsen**



# MARKET DEVELOPMENTS

## LATE CYCLE ECONOMY

After two years of GDP growth above 2 percent, the economic growth decreased slightly during 2019. GDP growth rate stood at 1.7% in 2019 (CBS, 2020). The economic forecast by Oxford Economics for the next two years is also somewhat lower than the economic growth we have witnessed in recent years. Their Baseline scenario forecasts a GDP growth of around 1.5% for the years ahead. The Dutch economy looks to be approaching the end of the cycle.

Inflation (CPI) rose during 2018 and stood around 2.6% during 2019 (CBS, 2020). Throughout 2019, the level of unemployment was historically low, at about 3.4%, which translates to just over 300,000 people (CBS, 2020). Oxford Economics expects quite a sharp decline in inflation and a moderate increase in the unemployment level over the next few years.

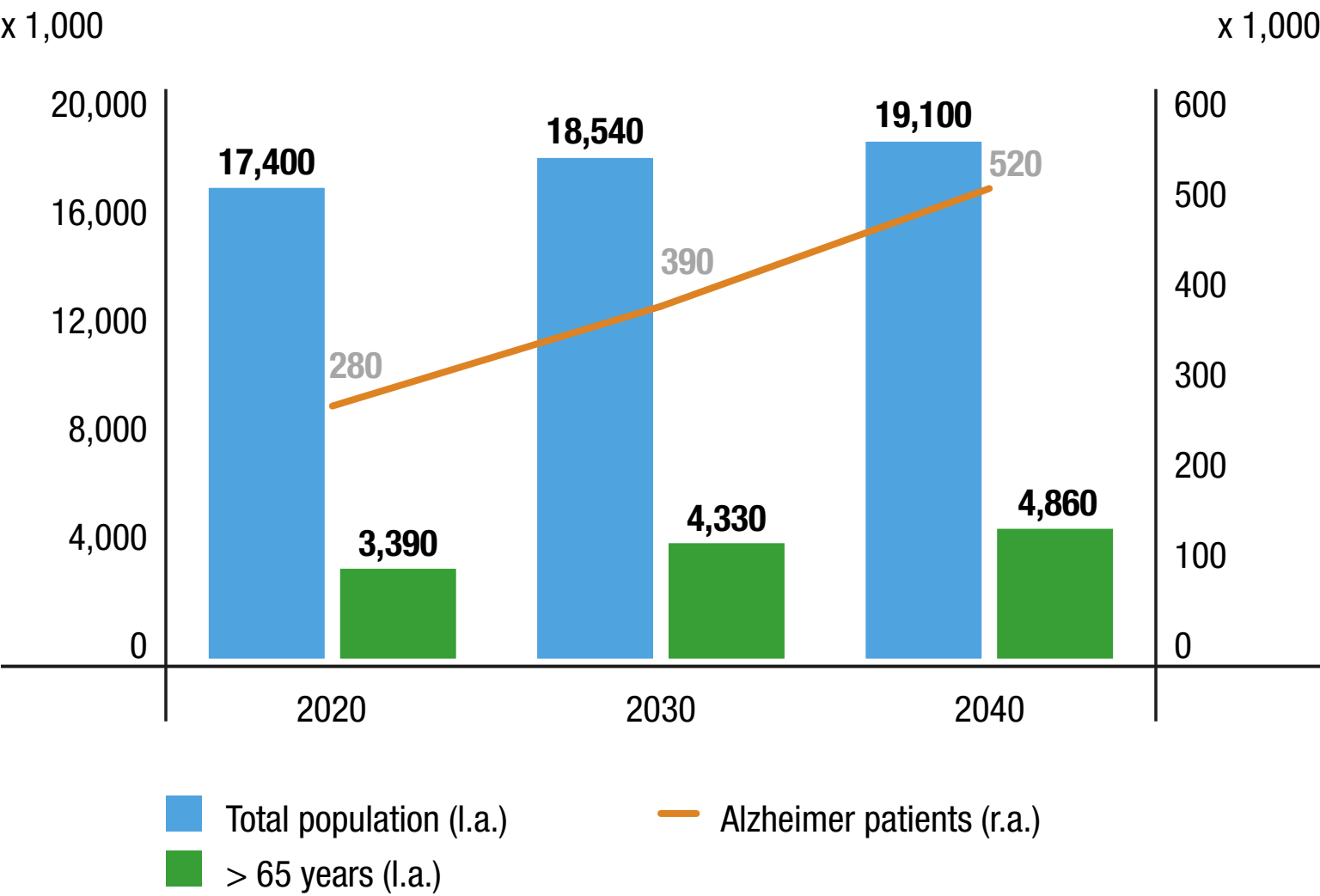
## INCREASING DEMAND, SUPPLY LAGGING BEHIND

The number of seniors (65+) will increase by no less than 43%, to 4.86 million by 2040. The number of Alzheimer patients is increasing even faster than the number of seniors. The Netherlands currently has around 280,000 patients. By 2040, there will be around 520,000 – an increase of no less than 86% (Alzheimer Nederland, 2020).

This increasing aging population is accompanied by an increasing demand for care and residential care facilities. However, the new supply of care services is (markedly) lagging behind the rising need. The high demand for healthcare real estate comes from both users and investors. However, finding suitable locations remains challenging. Municipalities see the urgency, but do not always act on it.

### 1. POPULATION, >65 YEARS AND ALZHEIMER PATIENTS

Source: Statistics Netherlands

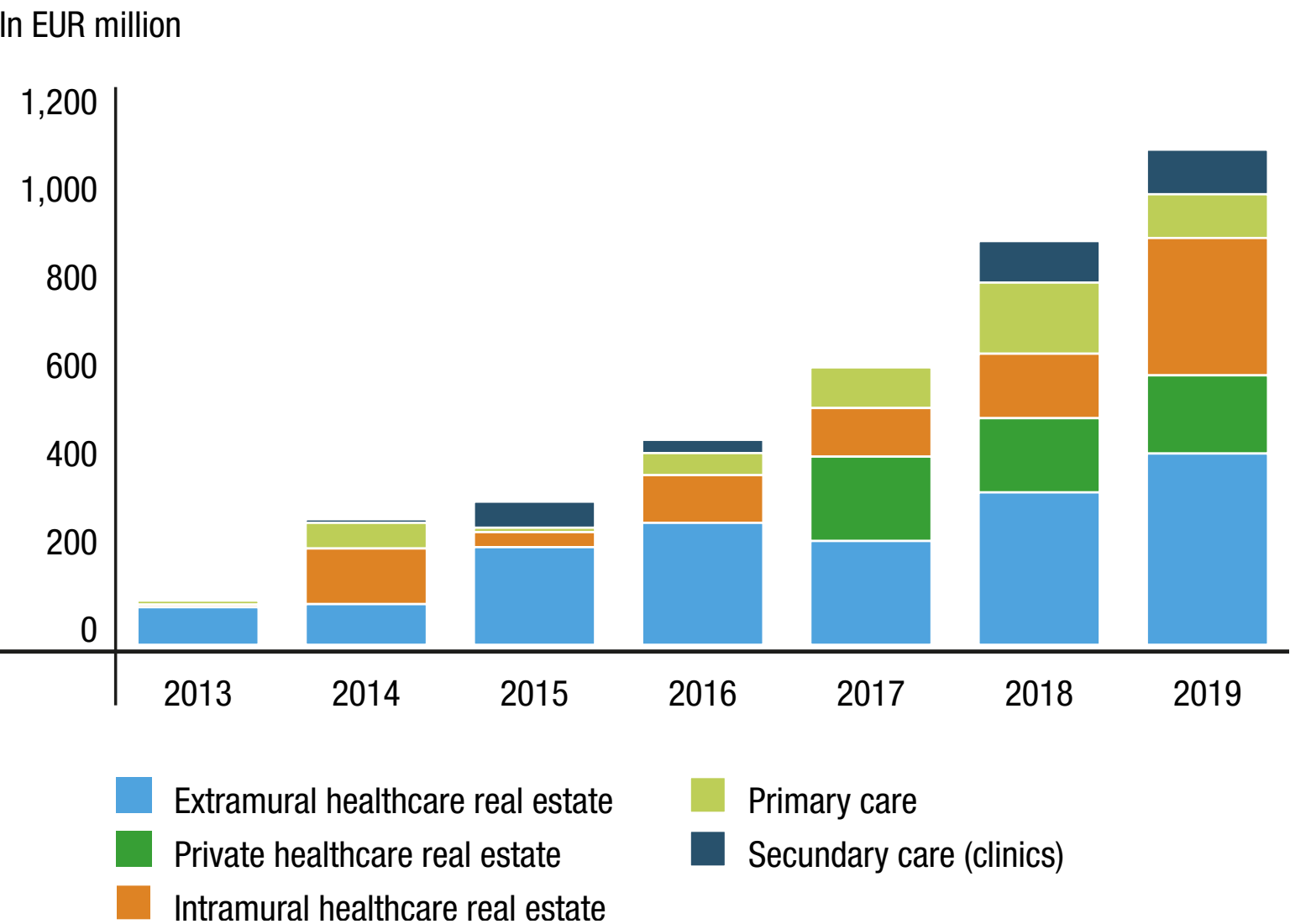


## INVESTMENT VOLUME RECORD IN 2019

Despite the relative lack of locations, the investment volume has increased (substantially) every year, over the past 7 years. The investment volume for 2019 has reached a new record level of EUR 1.125 billion (CBRE, 2020). Initial yields within the healthcare real estate market have fallen sharply in recent years. Private residential care is very popular with foreign investors, resulting in pressure on prime yields.

### 2. HEALTHCARE REAL ESTATE INVESTMENT VOLUME

Source: CBRE research



## POSITIVE EXPECTATIONS FOR 2020

In 2020, a continued high demand for care homes will be in evidence, both from households and from investors. Stable to slightly falling initial yields for intense care are expected, with a slight increase in value compared to inflation. For assisted living, it is realistic to assume – in accordance with the regular rental housing market – that initial yields will fall slightly in 2020. Investment volume growth is only possible if locations become available in the short term.



## STRENGTHS AND OPPORTUNITIES

- Substantial growth in the number of the elderly households up to 2040
- Positive outlook for the residential real estate (investment) market in general
- Further professionalisation and growth of the healthcare (investment) market
- The government is encouraging the elderly to live independently and use outpatient care, increasing the demand for assisted living
- Further segregation between costs of care and housing, which is likely to create new concepts
- Creation of and combining healthcare concepts at mid-sized and larger locations
- Increasing willingness of elderly households to move, preferably to a (rental) apartment

## WEAKNESSES AND THREATS


- Fierce competition for and lack of suitable locations for assisted living (facilities)
- This will lead to further pressure on the (gross) initial yields
- High and further increasing cost of construction
- Rising number of private care providers
- Foreign players entering the Dutch healthcare market, both investors and operators




# FUND STRATEGY

The strategy of the Amvest Living & Care Fund (AL&C Fund) is to respond to the growing demand for care homes and assisted living. The AL&C Fund responds to this increase by offering sustainable accommodation to those who need assistance to continue the life they have lived. To offer sustainable accommodation, the AL&C Fund pursues a strategy based on energy-efficient care homes which are low in carbon emissions and provide a comfortable and healthy environment. These investments are realised by raising capital from institutional investors with a long-term horizon. They are offered an attractive and stable cash return as well as social impact. The management of the AL&C Fund is undertaken by a dedicated team and sets high professional and social standards for a non-listed real estate fund.

This strategy is based on three pillars:

- 

1. Providing care homes for a large target group;
- 

2. Building a sustainable real estate portfolio;
- 

3. Investment focus on stable returns with a long-term horizon.

## 1. PROVIDING CARE HOMES FOR A BROAD TARGET GROUP



There is an aging population in the Netherlands. This will increase the demand for care. For example, the number of people with Alzheimer’s is expected to double in the coming 25 years, according to predictions from Alzheimer Nederland. This will cause an exponential rise in the demand for high care homes.

The Fund broadened its scope in 2019. The real estate in which the AL&C Fund invests consists of three care categories:

- A. healthcare real estate occupied by elderly people who have a care indication due to somatic and / or psycho-geriatric limitations and who can no longer live independently (“nursing home care”). The property is rented by the care operator;
  - B. healthcare real estate that is occupied by people with a mild to moderate demand for care, who can still live independently. The property is rented by the resident; and
  - C. healthcare real estate occupied by people with a physical or mental disability who cannot live independently (“disabled care”). The property is rented by the care operator.
- A. This category is divided in nursing homes where the resident pays for housing and nursing homes where the government pays for housing. The new strategy allows that it is possible to collaborate with a healthcare provider where the government pays for the accommodation. The AL&C Fund strategy is different for the two subcategories. These are treated separately.

Currently, the care market in the Netherlands is dominated by large-scale healthcare facilities, with large numbers of residents in each facility. The large scale did initially not correspond with the vision of

the AL&C Fund. The AL&C Fund started investing in small-scale homes in which environment residents can receive better personal attention, a high level of care and a continuation of the life that they lived outside of the care home.

The AL&C Fund has witnessed an increase in demand for these small-scale care homes with attention to the personal needs of the residents. Therefore the strategy of the AL&C Fund is to continue to expand the portfolio for small-scale care homes in the Netherlands.

The business’s scalability is important to the care provider for financial continuity, quality of care and the reduction of overhead. This offers growth potential to the AL&C Fund. The AL&C Fund only does business with scalable concepts that have a minimum potential of achieving five locations. The degree of standardisation is determined on the basis of the concept and the sector in which the care provider is operating.

In the Netherlands, the standard policy for intense care homes is that the government pays a standard compensation for housing, services and care expenses. The care providers currently linked to the AL&C Fund enter into a contract with the resident to pay for the housing and services, instead of the government. The government pays for the (basic) care. The rental paid by the resident is in line with the quality, size and location of the accommodation. This gives the AL&C Fund and the care provider the opportunity to vary prices depending on what is being offered and to create diversity. This also minimises the property risks arising from changes in government policy. The rental paid by the care provider to the AL&C Fund is harmonised with the care provider’s income from housing. The care provider’s income must be sufficient to deal not only with its own rental but also with vacancies and interior maintenance.



The broadened strategy also makes it possible to enter into a partnership with a care provider where the government pays for the housing and the services as well. The AL&C Fund uses the following criteria for these partnerships:

1. the rental per apartment is in line with market rentals. In addition, the real estate has to meet the requirements of the AL&C Fund that has been set for those living with a disability;
2. a partnership will be worked out with the healthcare provider. This can be done by taking over (a large part of) the real estate portfolio of a healthcare provider (either directly from the healthcare provider or from another property owner) or by building up a joint portfolio. The Fund’s strategy is to achieve its goals in partnerships. By having reliable and professional care partners, who can provide the high level of care and service that fit the high standards of AL&C Fund the AL&C Fund can focus on increasing the number of care homes.

**B.** Light care real estate, or assisted living, is very similar in terms of real estate characteristics to normal homes. The strategic delineation is of great importance when the AL&C Fund invests in this type of property. The AL&C Fund specifically focuses on healthcare real estate and not on regular residential real estate.

In case of social purpose, the care aspect must be sufficiently addressed in the complex. In general, it is important that the properties meet the following characteristics:

- lifecycle-proof homes;
- equipped with common areas such as living room and kitchen;
- provided with sufficient (individual and common) outside space;
- a preferred partner for home care and a partner for the community;
- close to facilities.

The current and future demand for this healthcare segment is high. The challenge in this market is to offer a residential product that meets demand. The traditional care home is no longer adequate for a growing target group. The offerings should, as far as possible, match a normal home in terms of living experience, but the soft infrastructure in particular should be distinctive. This may include activities, means of communication and the facilities. For the AL&C Fund, there is a great opportunity to realise a combination with intense care (as described under A) to offer a broad housing offer for people with light and high care needs.

**C.** Disabled care is a segment in which the AL&C Fund is not yet active. There are opportunities in this sector from two perspectives. On the one hand, there is a trend in the care of the disabled from large-scale sites to small-scale forms of housing, while on the other hand the number of investors active in this market is limited. This offers opportunities for the AL&C Fund. The experience gained in care for the elderly with small-scale residential care concepts can be used in the disabled care market.

The broadened strategy also makes it possible to enter into a partnership with a care provider focusing on disabled care. The AL&C Fund uses the same criteria for these partnerships as described for nursing homes.

2. BUILDING A SUSTAINABLE REAL ESTATE PORTFOLIO



Considering the Paris agreement, the Dutch Climate Accord and the continuing focus on reducing national and international carbon emissions in order to mitigate climate change, the AL&C Fund has a sustainable and long-term mission. The focus on lowering the portfolio’s energy consumption and carbon emissions is an integral part of the strategy. The sustainable strategy of the Fund starts with the design of new buildings and their construction. Therefore the specification of the requirements set by the AL&C Fund for new buildings includes an energy label A, gas-free heating system, solar panels and smart metering to monitor energy consumption. For the acquisition of existing buildings, which are then renovated in order to suit the needs of the new tenants, the Fund also imposes specific requirements regarding the energy label of the building and the heating system.

The operation of the building is just as important as the specific requirements regarding the construction. That is why the Fund strives for transparency of the energy use and energy contracts of its tenants and engages with its tenants on this matter. The long-term goal is to have a carbon neutral real estate portfolio with a low energy use intensity (EUI). The EUI is the energy use per m² per year in kWh. By having an indicator that is calculated in one metric, all buildings can be compared despite the different heating systems, size of the building or other relevant factors.



### 3. INVESTMENT FOCUS ON STABLE RETURNS WITH A LONG-TERM HORIZON



The AL&C Fund matches its long-term investment horizon with the investment profile of its investors in order to be able to invest despite possible short-term cyclical fluctuations. The result of this strategy is that the primary goal of the Fund is not

capital growth but direct return. Particularly in a relative new real estate market, this creates the possibility to harmonise investments with the Fund's mission. On top of the cash return, the investors have a social impact. This means that the Fund not only increases the supply of care homes but focuses on the specific needs of the resident and creates a place that each resident will want to call their home. The satisfaction of the residents is an indicator for this social impact.

As the AL&C Fund invests in a social sector with capital from institutional investors, the Fund is managed according to the highest available standards for the sector.



# FUND AND PORTFOLIO RESULTS 2019

The AL&C Fund measures the impact of the Fund’s strategy on the three pillars. To translate the strategy into KPIs, stakeholders have been interviewed in order to define material aspects for the Fund. This materiality assessment has been performed in line with the GRI guidelines. A long list of aspects has been presented to different internal and external stakeholders to define which topics are material for the Fund. This year, the results of the materiality assessment have been translated into our strategy. An overview of the translation of the materiality assessment to the Fund strategy is given in the Annex.

The topics by which the performance of the AL&C Fund are measured are:

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1. Providing care homes for a broad target group;
- 

2. Building a sustainable real estate portfolio;
- 

3. Investment focus on stable returns with a long-term horizon.

## 1. PROVIDING CARE HOMES FOR A BROAD TARGET GROUP

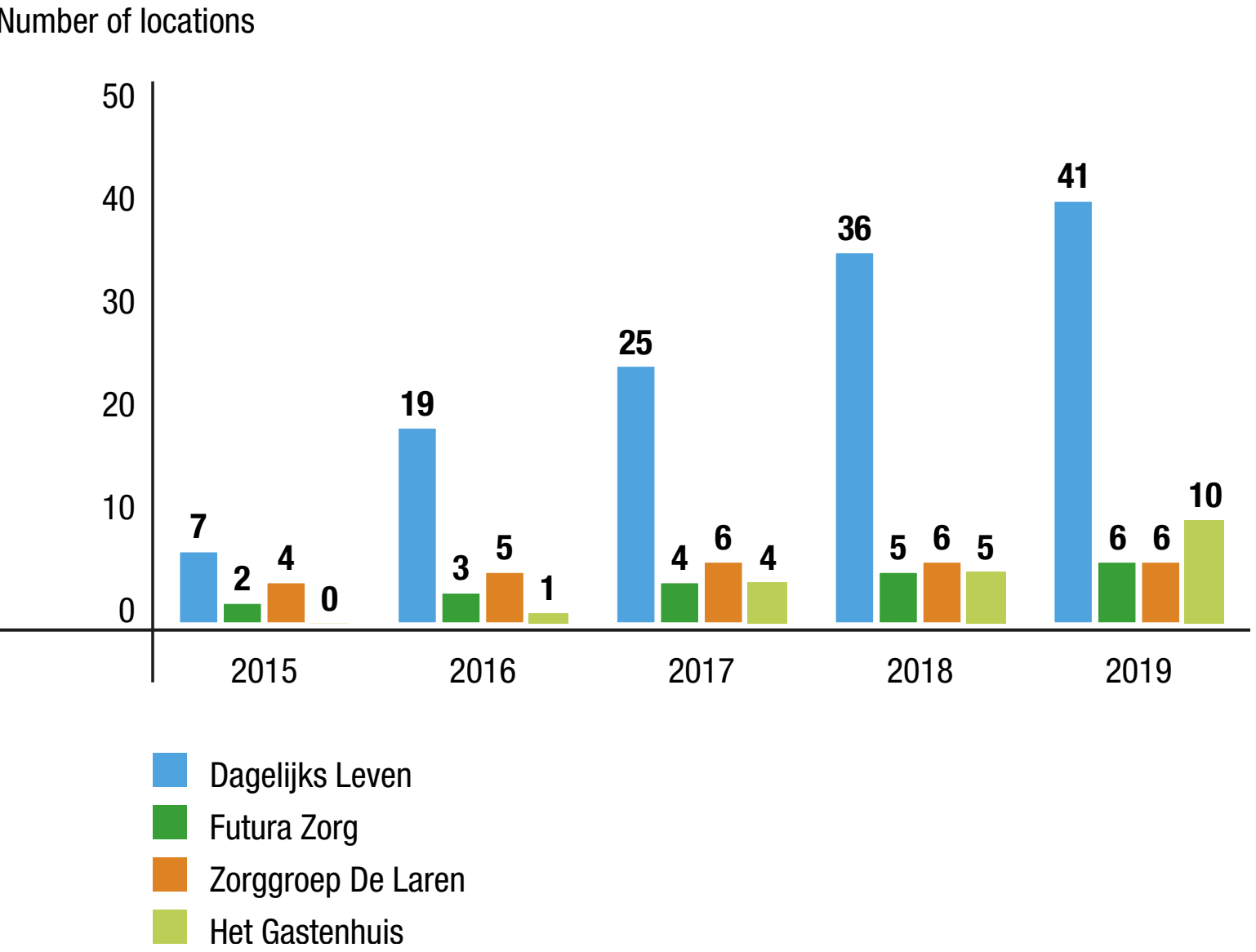


### PARTNERSHIPS WITH SCALABLE, DISTINCTIVE AND INNOVATIVE CARE PROVIDERS

The Fund’s mission is to provide comfortable, caring and sustainable environments for everyone, regardless of their budget. This is why the AL&C Fund has a partnership with four providers whose focuses vary, not only regarding the type of care but also regarding the monthly budget of the residents. Partnerships were continued with the four care providers in 2019. Dagelijks Leven is affordable for those with only a monthly allowance by means of the General Old Age Pensions Act (‘Algemene Ouderdoms Wet’), having a monthly budget for housing and services below EUR 1,000. Futura Zorg and Het Gastenhuis focus on the middle segment (EUR 1,500 - 2,500 per month). This makes Futura Zorg and Het Gastenhuis price-competitive with a government-regulated nursing home for a large group of people with a moderate pension and some capital. The Fund targets at a maximum of 20% to be invested in buildings that provide care for those with a high budget (more than EUR 2,500 per month). The percentage of the portfolio that is invested in healthcare real estate which is affordable for the low and middle segment is 90% as per end of 2019,<sup>1)</sup> resulting in 10% high budget and therefore within the acceptable range.

The maximum statutory personal contribution is EUR 2,364.80 per month in a government-regulated nursing home. By way of comparison, a location of one of the AL&C Fund partners has a maximum personal contribution of EUR 861.80. Zorggroep De Laren operates in the higher segment with a focus on those who are willing and able to spend a higher than average amount on housing and services.

## 3. NUMBER OF LOCATIONS PER PROVIDER



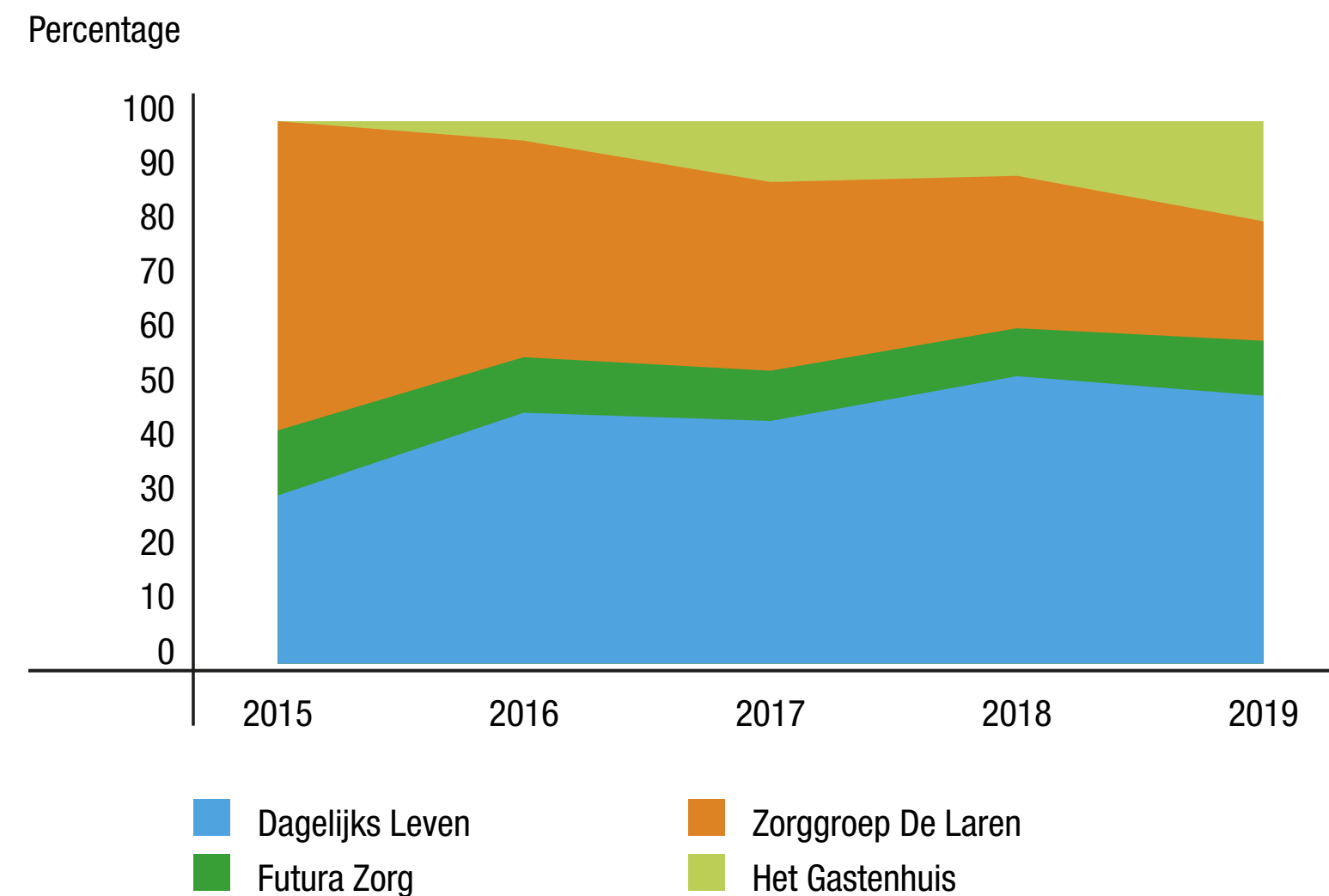
In 2019, the AL&C Fund achieved growth of more than 20% in the number of care homes compared to year-end 2018. In total, the Fund has 63 locations in operation, in which 1,274 residents live and receive the assistance they need. Dagelijks Leven and Het Gastenhuis in particular showed a considerable growth, of 5 care homes each last year, adding capacity for 221 residents.

The aim is to continue this growth in the number of locations over the coming years. An attractive pipeline has been created for Dagelijks Leven and Het Gastenhuis.

1) Please refer to the KPI tables in the Annexes. KPI’s include limited assurance by external auditor.



#### 4. INVESTMENT VOLUME PER PROVIDER



#### COMMITTED PIPELINE

At the close of 2019, the pipeline consisted of 10 committed sites for a care home for the care providers. In addition to this pipeline, one large location has been committed for assisted living, comprising 282 multi-family homes, 3,300 GLA services and two sites for Het Gastenhuis.

The share of Dagelijks Leven and Het Gastenhuis has increased in recent years, while the share of De Laren continued to decline in 2019. Almost 80% of the investment volume was invested in the low (Dagelijks Leven) and middle segments (Futura Zorg and Het Gastenhuis) in 2019, where this was only 40% in 2015.

#### RESIDENT SATISFACTION

Resident satisfaction is a material indicator to monitor the Fund's performance to meet the need for comfortable care homes as well as the extent to which the quality of care by the care partners meets the expectations of the residents. Zorgkaart Nederland is used to measure resident satisfaction. This is a platform where the residents (and their families) can score healthcare facilities, ranging from a general practitioner to an academic hospital.

All care homes of the care providers of the AL&C Fund are listed on this platform and rated on six criteria. For the AL&C Fund, the overall score is relevant but especially the score on the 'accommodation' criterion. The aim was formulated for 2019 to have a score of at least 8.0 (out of 10) for 'accommodation'. The normal average of the scoring for 'accommodation' of the care providers for 2019 was a 9.1.<sup>1)</sup>

The locations of Futura Zorg have not yet been rated. The AL&C Fund encourages the care providers to be on the platform in order to monitor resident satisfaction on a regular basis. The AL&C Fund engages with the care providers on a regular basis to address this topic but is dependent on the care providers, the residents and their families.

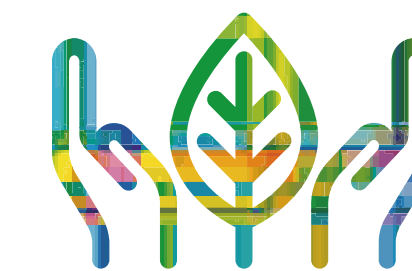
#### QUALITY OF CARE

The quality of care must be kept at a constant high level for every care provider. The Inspectorate for Healthcare and Youth (IGJ) randomly checks healthcare facilities. Several care homes of Dagelijks Leven, Het Gastenhuis and Zorggroep De Laren were checked in 2019. None of the care homes of the AL&C Fund is under ongoing supervision by the IGJ after a check by this institution.

#### FIRE SAFETY

Fire safety is a high priority topic for the Fund as the residents need a high degree of care. This is why every care home meets the requirements for group care homes, even if they are not formally required by the fire safety regulations. All care homes have a certified fire alarm system<sup>1)</sup> for group care homes. These fire alarm systems are all certified by certified companies on an annual basis.

## 2. BUILDING A SUSTAINABLE REAL ESTATE PORTFOLIO



For the Fund with its long-term investment horizon, it is of strategic importance that the care homes are energy efficient and carbon emissions are low, as real estate has a significant role in the energy transition from fossil to non-fossil

fuels. All buildings operated by the AL&C Fund have an energy label A except for the historic building Het Gastenhuis Dordrecht which has a monumental status that limits the possibilities to redesign for energy efficiency purposes.

#### ENERGY USE AND SAVINGS

The energy labels of the complexes are a good indication of energy efficiency. In order to control energy use, energy performance and carbon footprint, the Fund has to have an insight into the energy use. For 2019, the Fund has full data coverage of gas and electricity usage and/or district heat usage per complex. The insight is necessary to be able to formulate realistic goals for the portfolio in relation to the reduction of the carbon footprint. For 2019, the goal was to analyse five complexes with the highest EUI in the Fund's portfolio. Eventually, 15 complexes were analysed regarding: 1. quick wins, 2. being Paris-Proof, 3. being carbon neutral. The outcome was that the quick wins were limited, as almost all buildings are relatively new. The most important quick wins were regarding water usage and adding (additional) solar panels on the roofs. The aim is to install additional solar panels in 2020.

The complexes that were analysed did not meet the requirements for being Paris-proof and/or carbon neutral. The measures that have to be

1) Please refer to the KPI tables in the Annexes. KPI's include limited assurance by external auditor.



taken are scheduled for replacement at regular points. For example, a high-efficiency boiler will not be replaced if it is not near the technical replacement date. In the Fund's budget system, investments have been budgeted for these expected dates.

Smart gas and electricity meters are installed at all care homes so that the meters can be read out online instead of physical checks or checking the energy bills. The online portal enables the Fund to implement a dashboard which can be used for reporting on a building's energy use. The information can also be used to alert the tenants to the energy use and to plan further energy improvements of buildings (e.g. additional insulation or the installation of solar panels). As the average sizes of care homes and the installations differ, the metric used for reporting on energy usage is the energy use intensity (EUI). The EUI is the quantity of kWh per m<sup>2</sup> per year. The gas usage in m<sup>3</sup> and the district heat warmth in GJ are converted to kWh in order to compare the complexes with different heating systems. The EUI allows for a comparison of all buildings at a glance.

The average EUI of the AL&C Fund in 2019 was 123 kWh,<sup>1)</sup> ranging from 52 kWh to 226 kWh. The range is relatively large. The main reason for this is the type of building: renovations or new builds. Renovated buildings tend to have a higher energy consumption as the insulation possibilities are not always available. Also, the heating type is relevant. If gas is the primary source for heating the building, this often increases the EUI of the building.

To determine the carbon footprint, two aspects are checked:

1. the onsite generated renewable energy; and
2. the energy contracts of the care providers.

Solar panels are installed on 35 of the Fund's buildings. These panels generated 296,468 kWh in 2019, which was used by the care providers. For each generated kWh of solar energy, 0.649 kg carbon has been due to the use of materials.

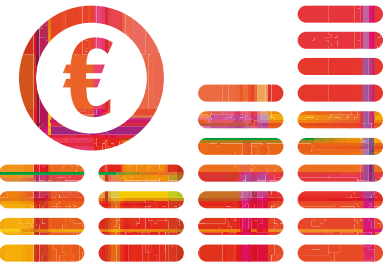
Het Gastenhuis use forest compensating gas and Dagelijks Leven, Het Gastenhuis and Futura Zorg all use green electricity.

Green electricity represents a zero carbon footprint (solar energy, wind energy). This adds up to a total of 1,700 kg of carbon of which 176 kg forest compensated. The average carbon emission of the AL&C Fund in 2019 was 22.3 kg/m<sup>2</sup> of which 1.19 kg/m<sup>2</sup> forest compensated.<sup>1)</sup>

**HOLISTIC VIEW OF SUSTAINABLE REAL ESTATE**

The AL&C Fund focuses not just on energy efficiency. Other sustainability indicators used include the impact on the environment, such as the materials used during construction. In order to gain an insight into the holistic sustainability of its portfolio, 42 of the Fund's buildings were assessed using the GPR Gebouw software. GPR Gebouw is a software tool which provides an insight into the sustainability of real estate and allows an assessment of the effect of various renovation options. Five themes are assessed in GPR Gebouw: energy, environment, health, user quality and future value. The challenge facing the Fund is to balance between energy efficiency and environmental impact. When, for example, a lot of solar panels are installed, the energy use score will rise but the environment score will fall due to the negative impact of the materials used to produce the solar panels.

**3. INVESTMENT FOCUS ON STABLE RETURNS WITH A LONG-TERM HORIZON**



The AL&C Fund has a long-term horizon. The focus is on a stable dividend yield that reflects the risk profile of the Fund. The target for 2019 of 5.0%, was realised resulting in a dividend yield for 2019 of 5.1%.<sup>1)</sup>

The income return of the Fund was 5.0% in 2019. The operating costs are low as the AL&C Fund has a relatively new portfolio and the daily operating costs are the responsibility of the tenants. In 2019 the net/gross ratio was 96.5%.

No debt finance is used to fund the AL&C Fund. The AL&C Fund has two participants, AEGON and PfZW, with each having increased their commitment in 2019 by EUR 100 million to EUR 250 million. Of the total EUR 500 million of available resources, EUR 265.6 million was still available at the close of 2019. Around EUR 36 million was drawn down in 2019. It is expected that the total commitment of EUR 500 million will be invested by 2022.

1) Please refer to the KPI tables in the Annexes. KPI's include limited assurance by external auditor.



# STRUCTURE AND GOVERNANCE

## STRUCTURE

The Amvest Living & Care Fund is structured as a closed-end fiscally transparent fund for joint account (FGR) with the Launching Investors AEGON and PfZW as the two Investors. Amvest REIM B.V. is the Fund Manager and Amvest LCF Custodian B.V. is the custodian. The AL&C Fund's legal structure can be found in the Annexes.

## INITIAL CLOSING, TERM, INVESTORS, UNITS

The initial closing of the AL&C Fund was on 31 December 2013. The AL&C Fund has a long-term horizon with an indefinite term (first evaluation moment is before 1 January 2025).

In 2019, 3,002 units were issued amounting to EUR 36 million. As at 31 December 2019, the AL&C Fund has two Investors (AEGON and PfZW) and EUR 265.6 million of undrawn commitments.

## PARTNERSHIP WITH AMVEST DEVELOPMENT

Amvest Development Fund B.V. (ADF) is one of the leading property developers in the Dutch residential market. The company has broad experience with integrated area development and complex co-development projects. Its experience with long-term investment funds like the AL&C Fund makes ADF a partner of interest to public authorities and public-private partnerships.

The partnership with ADF is strategically beneficial to the AL&C Fund. ADF's extensive knowledge of markets (including rental markets) is the basis for developing high-quality products for care operators as tenants. In addition, the AL&C Fund has a Right of First Refusal (RoFR) agreement in place with ADF. This means that all residential related care properties developed by ADF must first be offered to the AL&C Fund, which has the right to acquire them at arm's length conditions. The AL&C Fund is entitled to waive this right. The RoFR provides the AL&C Fund with access to a high-quality pipeline of properties that are aligned with the AL&C Fund's strategy.

## GOVERNANCE

A modern governance structure guarantees reliable, efficient, and professional advice and supervision by property experts and investors. The Fund Manager is responsible for both the overall portfolio and the risk management of the AL&C Fund.

The Advisory Board (consisting of representatives of both Launching Investors) plays a key role. Its duties include supervising the handling of conflicts of interest and approving the Portfolio Plan.

The Advisory Board met four times in 2019 while one Investors' Meeting was held in 2019.



# COMPLIANCE

## RISK & COMPLIANCE OFFICER

In 2018, Mr. Maarten van der Lienden was appointed as corporate Risk & Compliance Officer (RCO) of Amvest, with the RCO position being independent of the Fund Manager. The RCO is not under the direct supervision of operational line management of Amvest REIM, does not carry out any activities within line management and is remunerated independently of the performance of the AL&C Fund.

The RCO coordinates and tests risk management procedures in cooperation with the Director Finance and Risk. This ensures that the Fund Manager adequately manages, controls and reports on risks on behalf of the AL&C Fund.

## CORPORATE INTEGRITY, CODE OF CONDUCT

Integrity and customer due diligence are key elements of Amvest's compliance framework. Amvest maintains an internal complaints procedure as well as a confidentiality and an incident reporting system that is reviewed by the external auditor. Corporate integrity is a recurring agenda item at the Management Board and Supervisory Board meetings of Amvest. At the AL&C Fund level, the RCO attends the management team meeting at least every quarter.

There is a transaction register in place, in compliance with the NEPROM and IVBN guidelines. This register documents the AL&C Fund's property transactions in a transparent manner. All business-to-business property transactions are monitored and documented so that they can be checked for correctness, legality and integrity.

In 2019, like 2018, all employees of Amvest were asked to sign the internal Amvest Code of Conduct. The Code of Conduct is an inseparable part of the employment contract.

The Code of Conduct is available to customers, suppliers, and partners on the Amvest website. Active compliance with the Code of Conduct is a requirement for all Amvest employees and the Management Board.

The RCO acts as the central point of contact for all issues concerning integrity. All required information will be made available to the RCO. If deemed necessary, the RCO can make use of the expertise of professional external advisors.

In 2019, there were no noteworthy incidents in relation to corporate integrity. Amvest believes that the measures implemented as part of its corporate integrity policy have been effective.

In addition to the Amvest Code of Conduct, Amvest complies as a member of IVBN and the NEPROM with the codes of conduct applicable to members of these associations.

## AIFMD AND DEPOSITARY

The AL&C Fund (the AIF) and its Fund Manager (Amvest REIM B.V., the AIFM) are fully within the scope of the AIFM Directive. The Fund Manager obtained its AIFM licence on 26 November 2014. As well as the AL&C Fund, the Fund Manager also manages the licensed Amvest Residential Core Fund and De Utrechtse Fondsen Vastgoed C.V.

The Fund Manager has appointed Intertrust Depositary Services B.V. to acts as a depositary for the AL&C Fund and has entered into a depositary services agreement with the depositary for the benefit of the Fund and its Investors in accordance with article 4:37f AFS. The depositary is responsible for the supervision of certain aspects of the Fund's business in accordance with applicable law and the depositary services agreement.

On 23 December 2016, Amvest REIM B.V. as AIFM announced the AL&C Fund as an AIF under the licence of Amvest REIM B.V. This was approved by the Dutch Financial Markets Authority (AFM) on 23 January 2017.



## PROFESSIONAL LIABILITY (ARTICLE 9(7) AIFMD)

To cover potential professional liability risks resulting from activities carried out by the Fund Manager, AIFMD allows the Fund Manager two options:

1. hold additional own funds which are appropriate in relation to the potential risks arising from professional negligence;
2. carry professional indemnity insurance against liabilities related to professional negligence, which are appropriate in relation to the potential risks.

The Fund Manager has chosen to hold additional own funds. The amount of the additional own funds is calculated in accordance with criteria set out in the AIFM Directive and discussed with the Dutch Central Bank (DNB).

At the close of every quarter, the Fund Manager recalculates the value of the portfolio (one of the AIFMD criteria) to determine if significant increases have occurred. If this is the case, the Fund Manager recalculates the additional own funds required without undue delay and adjusts the additional own funds accordingly.

The Fund Manager ensures that the additional own funds are held in cash on the balance sheet of the Fund Manager.

## LEVERAGE: GROSS AND COMMITMENT METHOD (ARTICLE 109(3) LEVEL II)

For the purpose of AIFMD (report to competent authorities), the leverage of the Fund is expressed as the ratio between the exposure of the Fund and its NAV. The Fund Manager calculates the exposure of the funds managed in accordance with the gross method and the commitment method. AIFMD stipulates a limit of three for the leverage.

Leverage - gross method: (total of assets + notional contract value derivatives -/- cash) / (INREV NAV).

Leverage - gross AL&C Fund:  $(283,508 + 0 -/- 2,138) / 276,167 = 1.02$ .

Leverage – commitment method: (total of assets) / (INREV NAV).

Leverage - commitment AL&C Fund:  $283,508 / 276,167 = 1.03$ .

## DUTCH LAW

The AIFMD requires investment funds to prepare an directors report including fund manager's report according to Dutch law. Certain requirements included in the law should be disclosed in the fund manager's report. The AL&C Fund complies with these requirements. Requirements that are not applicable due to the nature and structure of the AL&C Fund are:

- disclosure on research and development (art 391.2 BW2) is not applicable due to nature of the Fund;
- disclosure on personnel developments (art 391.2 BW2) is not applicable as the Fund has no employees of its own;
- disclosure on funding (art 391.2 BW2) is not applicable as the Fund does not bear external funding.



# RISK MANAGEMENT

## CORPORATE RISK STRATEGY, AMVEST

Risk management is an essential part of Amvest’s business model and management organisation, and is fully incorporated into its strategy. This strategy focuses on two key activities:

- Dutch residential area and property development activities in strong economic regions, and
- setting up and managing Dutch residential investment funds and portfolios.

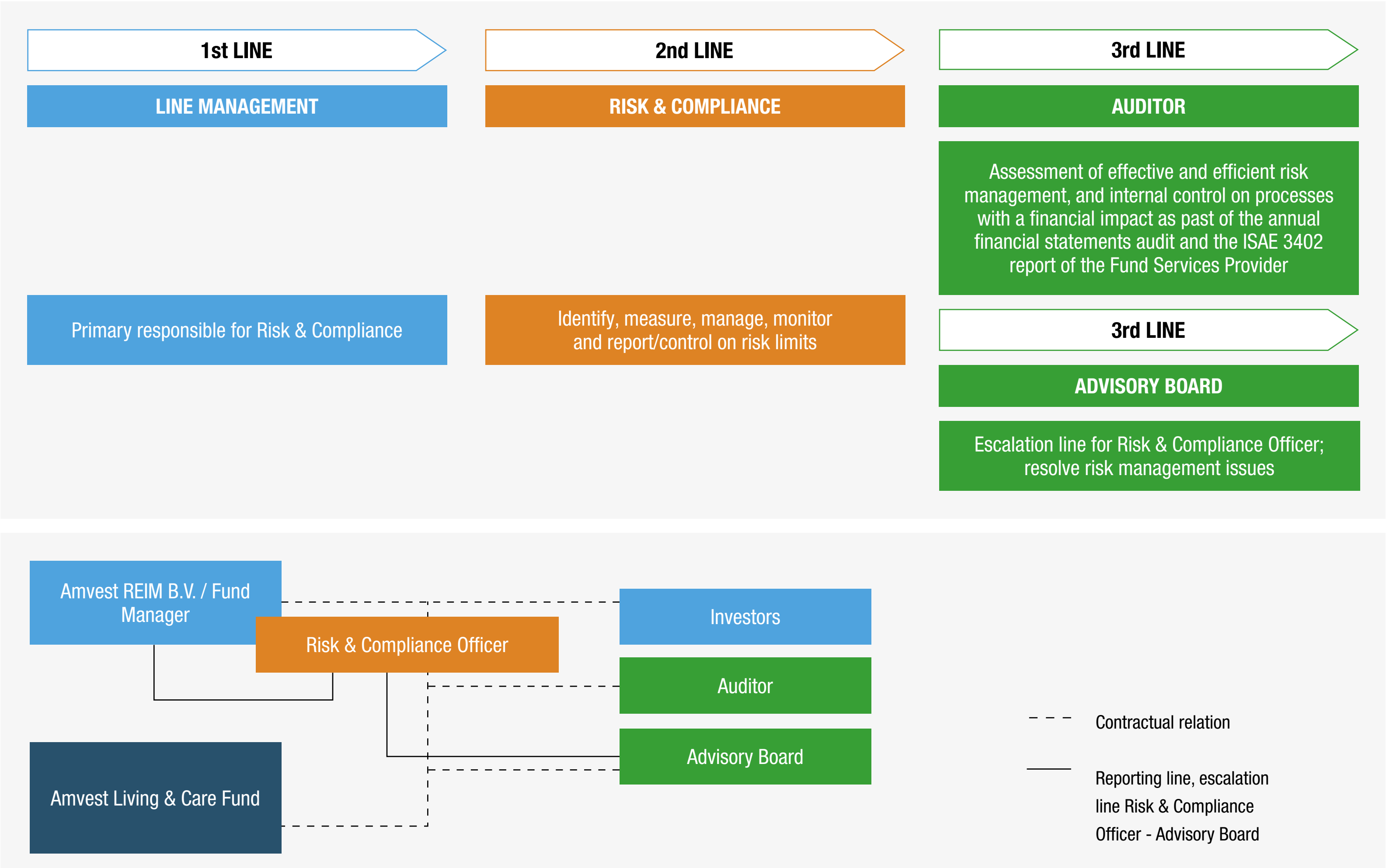
With these two activities, Amvest operates across the complete value chain and creates and benefits from synergetic effects within this chain. For instance, the Right of First Refusal (RoFR) agreement gives the AL&C Fund access to residential related healthcare investment possibilities.

As a result of this strategy, in combination with Amvest’s knowledge of the Dutch residential and healthcare market, solid market research, and its extensive industry network, Amvest can identify and effectively respond to trends in the market.

In order to implement its risk management policy effectively, all key officers who work for the AL&C Fund have a residential and healthcare market background based on many years of experience in their areas of expertise, covering portfolio, asset and technical management.

The Fund Manager makes use of an experienced financial staff for the AL&C Fund’s financial reporting, planning and control cycle, risk reporting, compliance and appraisal procedures.

### 5. THREE LINES OF DEFENCE AL&C FUND





## THREE LINES OF DEFENCE

Amvest's risk management system is based on the functional and hierarchical separation of the risk management function from the portfolio management function in combination with safeguards implemented against conflicts of interest.

Amvest's risk management function is built around three effective lines of defence (the "three lines of defence model"):

- the first line of defence: line management (portfolio management, management of the operating units, management of the property assets).
- the second line of defence: risk management (risk manager; independent of line management).
- the third line of defence: escalation line and audit (Advisory Board and auditor respectively; both act independently of line and risk management and are not part of the Amvest organisation<sup>1</sup>).

The three lines of defence model as used within the Amvest organisation is visualised in graph 5.

## RISK MANAGEMENT FRAMEWORK

The AL&C Fund has a Risk Management Framework with nine defined risks in place.

The Risk Management Framework is used to identify, measure, manage and monitor risks appropriately, and sets the risk limits and risk appetite for these risks. It also describes reporting lines to all relevant stakeholders.

1) Due to the size of the Amvest organisation, the auditor acts as independent third line with a limited role (financial statements and ISAE assurance). The auditor is not part of the Amvest organisation.

The 'identify, measure, manage and monitor' cycle ensures that the risk profile disclosed to the Investors is made transparent according to the risk limits set.

## RISKS OF THE AL&C FUND

1. **Rental risk:** the risk that a property cannot be rented out (again) within the envisaged period against the targeted rental price. In particular, with regard to the limited amount of care service providers (i.e. tenants) and the possibly challenging process of finding a (new) care provider for a care service home. The risk that the AL&C Fund is too dependent on one or more counterparties, care service providers in particular.
2. **Portfolio risk:** the risk that operational results and execution of the portfolio policy is not in line with the portfolio plan. Critical variables, impacting the results:
  - rising land and construction prices may lead to declining yields;
  - local authorities may become less positive regarding the care service concepts of the AL&C Fund due to lobbying by competitors/ current care providers;
  - declining tariffs/ subsidies in the care industry following from governmental policies.
3. **Strategic risk:** the risk that developments outside of the AL&C Fund, including economic, political and demographic developments and disasters, force changes in the strategic objectives of the AL&C Fund and adjustments in the target portfolio. The most significant strategic risks for the AL&C Fund are:
  - care-related regulation is increasing rapidly and care related subsidies are under pressure;
  - the competition amongst care service homes is increasing due to new entrants in the market;
  - the risk of the potential target group for the AL&C Fund decreasing due to the development of medication for dementia.

4. **Counterparty risk:** the risk that a counterparty fails to fulfil contractual obligations and/or harms the reputation of the AL&C Fund. The main counterparties for the AL&C Fund are tenants (care service providers), Investors, property developers and appraisers.
5. **Liquidity risk:** the risk that liquidity shortages occur due to the lack of co-ordination (by timing and amount) of cash inflows and outflows in managing the AL&C Fund.
6. **Performance risk:** the risk that the targeted return of the AL&C Fund is not achieved.
7. **Valuation risk:** the risk that the value of the real estate portfolio in the financial reports of the AL&C Fund does not represent the fair value and / or is not in line with the IFRS accounting principles.
8. **Operational risk:** the risk that daily management and business operations (sales and acquisitions, technical, administrative) are not performed in accordance with Fund documents, management agreements, budgets, contracts and the RoFR Agreement. Operational risk is identified at three levels in the organisation:
  - inadequate operational management by the Fund Manager;
  - acquisition of new care properties;
  - daily management and business operation of the care service providers.
9. **Conflict of interest risk:** the risk that the AL&C Fund or AL&C Fund structure is inadequately (in the perception of Investors) equipped (governance, checks and balances) to operate in the event of conflicts of interest and / or the risk that a conflict of interest occurs due to inadequate governance, checks and balances.

## EVALUATION OF RISK MANAGEMENT

The Risk Management Framework is a dynamic framework. The Fund Manager will assess, monitor and review the risk management function, policy, framework and its risk appetite and limits at a minimum on a yearly basis and report on these matters to the Advisory Board and Investors in the AL&C Fund. If necessary, the



Fund Manager will adjust previously described risk items in close consultation with the AL&C Fund's stakeholders.

## FINDINGS

In 2019, risk limits as set by the Fund Manager were not exceeded. No material changes to the liquidity management systems and procedures occurred and stress testing on liquidity showed no breaches in relation to the distribution policy as described in the Terms and Conditions and the Portfolio Plan. Various scenarios on funding, cash and liquidity are calculated and monitored.

Uncalled commitments (EUR 265.6 million) combined with the cash position (EUR 2 million) create a solid funding position for the AL&C Fund.

## FUND MANAGEMENT

The authorities and responsibilities of the AL&C Fund are clearly set out in the AL&C Fund's fund documents, including the Terms and Conditions, the Fund Services Agreement, and the Portfolio Plan. These documents describe the parameters within which Amvest is authorised to act as a Fund Manager, e.g. the annual investment volume and required returns for new investments and annual budgets.

Portfolio management is aimed at optimising the portfolio's long-term return on property. The Fund team uses a hands-on approach and focuses continuously on improving and monitoring operating cash flows from the individual residential properties.

An experienced financial staff supports the Fund Manager in the financial reports of the AL&C Fund. For the appraisal of the properties, the Fund Manager works with external appraisers with proven track records. The AL&C Fund portfolio is appraised by external appraisers only.

## RISK AND ASSURANCE

The Fund Manager is structured with an affiliated Fund Services Provider (Amvest Management B.V.), which employs all employees of Amvest group and provides relevant management services including financial reporting. An ISAE 3402 Type 2 framework is in place to ensure a consistent high quality level of services by the Fund Services Provider to the investment management department.

Key processes carried out by the Fund Services Provider under the responsibility of the Fund Manager are described at an operational level and control objectives and controls within these processes are defined. These controls are performed internally several times a year and assurance on financial reporting processes is provided by the external auditor.

The process and framework are evaluated every year. Fund Management does this in close consultation with the Fund team, the Fund Services Provider and the external auditor of the AL&C Fund. For 2019 (1 January 2019 - 30 November 2019), an unqualified ISAE 3402 type II report was issued.

## LIQUIDITY MANAGEMENT

Liquidity management is an important element of risk management. The Fund Manager uses several tools for monitoring its cash flows. Most important is the liquidity forecast, which predicts all real estate and Fund-related cash flows. In addition, the Fund Manager employs a number of control measures to prevent liquidity shortages and takes corrective actions if a liquidity shortage occurs or if a liquidity shortage could arise in the near future, as indicated by stress testing results.

## INREV

Since 2002, the European Association for Investors in Non-listed Real Estate Vehicles (INREV) has published various guidelines and recommendations that were incorporated into a set of standard INREV Guidelines in 2008. This set was revised in 2014.

The AL&C Fund followed these guidelines for all financial ratios, such as NAV, TER and REER (reference is made to the key figures).

As for property valuations, the appraisal process of the AL&C Fund was fully compliant with the INREV Guidelines. In order to provide Investors with information on the transition from the Net Asset Value (NAV) according to IFRS to the adjusted NAV based on INREV valuation principles, the AL&C Fund reports the adjustments according to the INREV valuation principles. The adjusted INREV NAV is based on the IFRS valuation principles (also see the annex).

*Amsterdam, the Netherlands, 24 April 2020*

Wim Wensing, Fund Director and Portfolio Manager  
Niclas von der Thüsen, Director Finance and Risk



# ANNEXES



Care couple Ronald and Trudie Zwiers, Gastenhuys - Dordrecht



# KPIs FOR THE PURPOSE OF NON-FINANCIAL DATA IN THE DIRECTORS REPORT

## RESIDENT SATISFACTION

Objective	Determine resident satisfaction
KPI owner	Patiëntenfederatie Nederland
Definition	The resident satisfaction score is the average score on the aspect 'accommodation' of all the rated locations of the AL&C Fund that are in operation. The score per location is the average score of the residents by filling out the questionnaire on the Patiëntenfederatie Nederland website on a scale from 0 to 10
Scale / unity	Absolute score on a scale from 0 (minimum) to 10 (maximum)
Calculation	The average score is calculated by means of the average per location of all individual scores on the aspect 'accommodation' who participated the questionnaire on the Patiëntenfederatie Nederland website per location divided by the number of locations in operation by the AL&C Fund.
Target	To achieve a score of 8.0 on average on the topic 'accommodation'
Scope	All residents from the AL&C Fund who participated the questionnaire relating to resident satisfaction on the website <a href="http://www.zorgkaartnederland.nl">www.zorgkaartnederland.nl</a> which is owned by Patiëntenfederatie Nederland
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"><li>• The resident fills out a score on a total of five components on the website <a href="http://www.zorgkaartnederland.nl">www.zorgkaartnederland.nl</a> and if relevant clarification</li><li>• The Patiëntenfederatie Nederland checks a number of responses</li><li>• The Patientenfederatie Nederland delivers a report with the average score per location including the number of responses to the AL&amp;C Fund about the scores on the aspect 'accommodation' per location.</li></ul>
Systems and sources	Website <a href="http://www.zorgkaartnederland.nl">www.zorgkaartnederland.nl</a> Tailor made report
Audit process	The resident satisfaction score is measured completely independently by Patiëntenfederatie Nederland. For the AL&C Fund there is no possibility to check this score.
Result 2019	Resident satisfaction: 9.1



GRESB SCORE

Objective	Achieve a GRESB score
KPI owner	Global Real Estate Sustainability Benchmark
Definition	The GRESB score is an overall measure of ESG performance, represented as the number of stars.
Scale / unity	Number of stars from 1 (minimum) to 5 (maximum)
Calculation	The GRESB score is calculated by the GRESB organization based on the answers provided by the participant in a survey. For each question a maximum number of points is possible to be achieved. The number of stars are awarded based on the relative score in comparison with the other participants.
Target	To achieve the maximum 5 stars
Scope	The complete AL&C Fund
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"><li>• The survey is filled in by the AL&amp;C Fund with the burden of proof and argumentation for the answers given</li><li>• The GRESB organization checks the answers, the burden of proof and the argumentation and determines the score per question</li><li>• The GRESB organization reports to the AL&amp;C Fund the score of the Fund, how it is structured and how it scores in relation to the peer group</li></ul>
Systems and sources	Survey tool
Audit process	The GRESB organization checks the answers, the burden of proof and the argumentation according to its (high) standards and can visit the Fund for a further check
Result 2019	GRESB score: 5 stars (89/100)



ENERGY USE INTENSITY (EUI)

Objective	Measure the energy consumption of the objects in the AL&C Fund portfolio		
KPI owner	Cushman & Wakefield / Amvest		
Definition	The total energy consumption in kWh per m² per year of all objects in the portfolio that have been in operation for the entire calendar year. The sum of the amount of electricity (in kWh) and gas (in m³) and district heat (in GJ) which is converted to kWh.		
Scale / unity	kWh / m² / year		
Calculation	Electricity:	<ul style="list-style-type: none"><li>• Three connections are monitored for each building: supply from the grid operator, electricity generated by the solarpanels (if applicable) and electricity supplied to the grid (if applicable)</li><li>• Net consumption = supply grid operator + (generated electricity PV panels - / - electricity supplied back to grid)</li></ul>	
	Gas:	<ul style="list-style-type: none"><li>• Gas consumption in m³ is converted into kWh (factor 1 m³ = 9.769 kWh)</li><li>• The total energy usage per building is divided by the total Gross Floor Area in m²</li></ul>	
	District heat:	<ul style="list-style-type: none"><li>• District heat in GJ is converted into kWh (factor 1 GJ = 277.78 kWh)</li></ul>	
Target	Have all AL&C Fund buildings meet the energy use intensity requirement in accordance with the BENG for care homes in 2030		
Scope	All buildings in the AL&C Fund, from the date of completion (100% data coverage). The buildings that are not in use for a full calendar year fall outside the scope as this may distort the data due to seasonal effects.		
Frequency	Once a year		
Reporting process	<ul style="list-style-type: none"><li>• Before the completion of a new building, all connections are put in the systems Eview (for new buildings, meters are delivered directly 'smart' (readable remotely)) or Meetdata.nl.</li><li>• From the date of completion, gas and electricity consumption are measured per 15 minutes on the basis of smart meters (automatically read, implemented by INNAX or Kenter)</li><li>• For 2019, consumption must still be added in part manually on the basis of invoices from the tenants.</li><li>• In the first quarter after the relevant calendar year, an overview is drawn up of all buildings that have been in operation for the entire calendar year and the EUI</li></ul>		
Systems and sources	Eview (managed by INNAX, AL&C Fund has access), Kenter (for large business connection, this is linked to Eview via an API), CWING (managed by C&W, AL&C Fund has access) Excel for renewable energy. The data is retrieved from the solar panel inverter		
Audit process	<ul style="list-style-type: none"><li>• It is checked on a monthly basis whether data from all complexes comes in</li><li>• Data trends are analyzed annually (smallest and largest consumer based on gas / electricity consumption per m²)</li><li>• Data report is created by C&amp;W</li></ul>		
Result 2019	Average Energy Use Intensity 2019: 123 kWh / m² / year		



## CARBON EMISSION

Objective	Measure carbon emissions from the AL&C Fund	
KPI owner	Amvest	
Definition	The total CO <sub>2</sub> emissions in tonnes of the buildings of the AL&C Fund	
Scale / unity	# kg CO <sub>2</sub> / m <sup>2</sup> / year	
Calculation	Electricity:	<ul style="list-style-type: none"> <li>The amount of electricity in kWh per building is made clear via Eview (see KPI Energy Use Intensity)</li> <li>The buildings for which 100% green electricity is purchased are taken from the total consumption in kWh</li> <li>The total amount of kWh of 'gray' electricity is converted to kg of CO<sub>2</sub> in accordance with the emission factors of <a href="http://www.emissiefactoren.nl">www.emissiefactoren.nl</a>.</li> </ul> 2018: 1 kWh = 0.649 kg of CO <sub>2</sub> 2019: 1 kWh = 0.5044 kg of CO <sub>2</sub>
	Gas:	<ul style="list-style-type: none"> <li>The amount of gas in m<sup>3</sup> per building is made clear via Eview (see KPI Energy Use Intensity)</li> <li>The buildings for which 100% green gas is purchased are taken from the total consumption in m<sup>3</sup></li> <li>The total amount of m<sup>3</sup> natural gas is converted to kg CO<sub>2</sub> in accordance with the emission factors of <a href="http://www.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a>.</li> </ul> 2018: 1 m <sup>3</sup> natural gas = 1.89 kg CO <sub>2</sub> 2019: 1 m <sup>3</sup> natural gas = 1.89 kg CO <sub>2</sub>
	District heat:	<ul style="list-style-type: none"> <li>The amount of district heat in GJ per building is made clear by the tennant (invoices)</li> <li>The total amount of GJ district heat is converted to kg CO<sub>2</sub> in accordance with the emission factors of <a href="http://www.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a>.</li> </ul> 2018: 1 GJ district heat = 34.54 kg CO <sub>2</sub> 2019: 1 GJ district heat = 35.97 kg CO <sub>2</sub>
Target	In 2050 the buildings of the AL&C Fund must be completely carbon neutral	
Scope	All buildings in the AL&C Fund, from the date of completion (100% data coverage) The buildings that are not in use for a full calendar year fall outside the scope as this may distort the data due to seasonal effects.	
Frequency	Once a year	
Reporting process	<ul style="list-style-type: none"> <li>The energy consumption is compiled based on the data as described in the KPI Energy Use Intensity</li> <li>Subsequently, the tenants are asked which energy contracts have been concluded for gas and electricity</li> <li>The total CO<sub>2</sub> emissions are determined based on energy consumption and contract types</li> </ul>	
Systems and sources	The systems used for the energy usage form the source.	
Audit process	<ul style="list-style-type: none"> <li>The data for the consumption is already checked by C&amp;W by their system CWING</li> <li>The conversion factors are checked on the website of <a href="http://www.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a></li> <li>The calculation in Excel is checked using the four-eyes principle (Asset Manager and Portfolio Manager AL&amp;C Fund)"</li> </ul>	
Result 2019	Average carbon emission 2019: 22.33 kg of CO <sub>2</sub> / m <sup>2</sup> / year of which 1.19 kg of CO <sub>2</sub> /m <sup>2</sup> /year forest compensated	



FIRE SAFETY

Objective	Measure fire safety of the buildings
KPI owner	Amvest
Definition	Certified fire alarm systems
Scale / unity	Percentage of portfolio (0 - 100%)
Calculation	The number of buildings that have a valid fire alarm certificate of the total number of buildings in explotation by AL&C Fund
Target	All AL&C Fund buildings have a certified fire alarm system
Scope	All buildings in the AL&C Fund, from the date of completion
Frequency	Once a year
Reporting process	The tenants of the AL&C Fund have to deliver a valid certificate of the fire alarm system. These certificates are upload in a management system of Amvest
Systems and sources	Tenants
Audit process	The uploaded certificates are checked by the technical manager of AL&C Fund by visiting the building and verifying the existence of the original certificate.
Result 2019	100% valid certificates



HIGH-QUALITY AND AFFORDABLE HEALTHCARE REAL ESTATE

Objective	Invest in affordable healthcare real estate for a broad target group
KPI owner	Amvest
Definition	Percentage of Portfolio that is invested in healthcare real estate which is affordable for people with a low and middle class budget.
Scale / unity	Percentage of portfolio (0 - 100%)
Calculation	The number of buildings that provide care to people with a low and middle class budget.
Target	Maximum of 20% of the portfolio that provide care which is only affordable for people with a high budget
Scope	All buildings in the AL&C Fund, from the date of completion
Frequency	Once a year
Reporting process	The number of locations that provide care which is affordable for people with a low or middle class budget is divided by the total number of locations in the Fund portfolio.
Systems and sources	Contractual terms with tenants
Audit process	Amvest financial systems
Result 2019	90% of the portfolio that provide care which is affordable for people with a low or middle class budget



GENERATED ECONOMIC VALUE

Objective	Create a stable dividend yield for the funds investors
KPI owner	Amvest
Definition	The realised dividend yield of the AL&C Fund per calender year
Scale / unity	Absolute percentage
Calculation	The dividend of a calender year that is reserved for payment to the investors of the AL&C Fund as percentage of the NAV per 1/1
Target	Stable dividend yield of 4%
Scope	The dividend yield of the AL&C Fund
Frequency	Once a year
Reporting process	The financial staff of the fund calculates the yearly dividend yield and reports about it in the directors report.
Systems and sources	Amvest financial systems
Audit process	Financial process of Amvest
Result 2019	5.1%



# RESUMES OF THE MANAGEMENT TEAM



WIM WENSING

(Fund Director)

- Erasmus University Rotterdam, Business Economics
  - University of Amsterdam, Master of Science in Real Estate
  - Real Estate Manager, Housing Association (1995-1997)
  - Account Manager, Meeùs Property Management (1997-2000)
  - (Senior) Asset Manager, ING Real Estate Investment Management (2000-2004)
  - Managing Director, ING Real Estate Investment Management (2004-2011)
- Director Investment Management, Amvest (since September 2011)
  - Fund Director; Board member Fund Manager (Amvest REIM B.V.) (since September 2011)
- Ancillary positions**

  - Board member Stivad (2011-2018)
  - Board member Stichting ROZ Vastgoedindex (2018-)
  - Member Royal Institution of Chartered Surveyors



NICLAS VON DER THÜSEN

(Director Finance and Risk)

- Hotelschool Den Haag, Financial Management and Strategic Management
  - Vrije Universiteit Amsterdam, Postgraduate Treasury Management/ (RT)
  - Consultant Real Estate, Arthur Andersen (1997-1999)
  - Associate Investment Services, Jones Lang LaSalle (1999-2001)
  - Associate Director / Vice President, NIBC Bank (2001-2008)
- Manager Capital Markets, Multi Corporation B.V. (2008-2012)
  - Treasurer, Vesteda (2012-2016)
  - Manager Finance and Control, Vesteda (2016-2018)
  - Director Finance and Risk; Board member Fund Manager (Amvest REIM B.V.) (since October 2018)



BART TERPSTRA

Portfolio Manager (up to 31 March 2020)

- Rijksuniversiteit Groningen, Business Administration
  - University of Amsterdam, Master of Science in Business Economics, Real Estate Finance
  - Management trainee, ING Real Estate (2007-2009)
  - Junior real estate developer, ING Real Estate Development (2009-2010)
  - Real estate Advisor – Healthcare, DTZ Zadelhoff (2010-2014)
  - Asset manager, Amvest (2014-2017)
- Portfolio Manager, Amvest (2018 - March 2020)



# AMVEST



[WWW.AMVEST.NL](http://WWW.AMVEST.NL)

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